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The COMMERCIAL and FINANCIAL CHRONICLE

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Purcell's Attack On Corporate Management Salaries Seen As Good Headline Material

Commenting on the recent speech by Ganson Purcell, Chairman of the Securities and Exchange Commission, attacking corporate management salaries, Ralph Hendershot, Financial Editor of the New York "World-Telegram," stated in his column on September 4 that the address "may be accepted as a criterion that all must be well with the security selling organizations of the country." Mr. Hendershot added that the SEC Chairman "apparently found it necessary to move over into the field of corporate management salaries in order to make an attack worthy of headlines," in the belief that "his kingdom has become so small and impotent that he may fear that his subjects (in the securities business) already have been regulated virtually out of business." Mr. Hendershot continued his discussion as follows:

"On second thought, however, the move may have been necessitated because of the fact that the security selling organizations, over which he is supposed to rule, have done so little in recent years that they couldn't possibly have made many mistakes worthy of public notice. In other words, his kingdom has become so small and impotent that he may fear that his subjects already have been regulated virtually out of business.

"In any event, he indicated that he is seeking new fields to conquer and believes industry is a likely prospect. Whether he can make it stick, though, may very well be a horse of a different color. It is possible, however, that he regarded it more or less in the nature of a raid anyway and he may now retire in good order.

"He probably should not be blamed too much for making such a raid. Philadelphia is recognized as a pretty quiet town, and the fellows in the security-selling business are rather remote from the war effort. It is true that the brokers and dealers are selling a large amount of war bonds, but they are doing that without profit, so they can hardly be held up to public ridicule for that.

"But then, again, there are a number of people in this country who believe that corporate executives do receive too much money in salaries, bonuses, etc., and they are led to believe that Mr. Purcell is going to do something about it. The dispatches, however, indicated that the SEC chief only hinted that he might have something in mind along that line. He suggested that he might use his good offices to give them a greater control over management.

"It is our understanding that the various boards of directors determine the salaries to be paid corporate managements. And we know of no law which makes it necessary for them to consult the SEC on the subject. The SEC could step in if they misrepresented the amount of salaries paid in connection with the sale of new securities, but most of these companies are not in need of new capital, and, if they were, they probably would be much too smart to lie about salaries.

"Moreover, most of them are engaged in war work, and if they needed money they probably would get it directly from the Government, since the market for securities is so nearly dead that they doubtless could not get accommodations from the general public on a satisfactory basis.

"We wonder, therefore, how the SEC could be of much help in having salaries reduced. It has moved in to some extent in establishing corporate procedure in sending out proxies for meetings and other purposes, but that is pretty round about and probably would not be very effective in salary matters. And, it must be admitted, too, that any statement it might issue would have some weight with stockholders. But there still would be a considerable gulf to span in bringing its powers down to the doorstep of directors."

Our Reporter On "Governments"

The Treasury's announcement of terms on its September financing is expected any time this week. . . . News may be out as you read this. . . . $3,000,000,000. . . . Can't be possible that this huge amount will be raised in long-term market without any preparation, and as any holder of Governments knows there has been no preparation for a long-term issue in recent weeks. . . . So, chances are, September borrowing will take the form of $1,500,000,000 or so certificates of indebtedness and balance will take form of notes—say, bearing five-year maturity and 1¾% coupon. . . . Just a guess at this stage of the game and a guess that is hard to make because of imminence of announcement. . . . But since the odds all favor a short-term offering and since purchases of short-terms are dictated more by your portfolio position than by exact figures on return, we can let this part of the analysis go with just these few words. . . .

Fact that Secretary Morgenthau raised the borrowing for this month to $3,000,000,000 surprised most of Wall Street, but that probability was indicated and reported here last week on basis of redemption of the maturing 2s and RFC ⅞s. . . . Maturities total $662,000,000. . . . Quota for war bond sales this month is only $775,000,000, due to Treasury's realization that this income-tax month and change-of-season period is always a slack one as far as money-raising goes. . . . Income tax collections will be heavy, of course, and money will be coming in from weekly discount bill sales as well. . . . But in August, war expenditures amounted to $4,882,498,436, more than triple the amount spent in August, a year ago, while spending for all purposes amounted to $5,215,417,813. . . . So far this fiscal year the Government has spent more than $10,377,000,000—an almost unbelievable figure but one which tells as no explanatory words can why the Treasury is borrowing $3,000,000,000 next week. . . .

Certificate offerings have been and apparently will continue to be popular. . . . Most widely bought issue was the last, bearing ⅞% rate, and if Treasury wants to gather the country banks into its bond-selling net, it must keep the coupon rate up around that level. . . .

And on that, most significant point is indication that uptrend in short-term interest rate seems to have been halted—at least temporarily. . . . If any movement in short-term rates develops over the near term, chances are it will be on downside. . . . As indication of how far short-term rates have traveled in last year, recent average yield on Treasury bills has been 0.369% compared with 0.114% a year ago, an increase of 0.255%. . . . Possibly you hadn't realized how high the rate had gone. . . .

In contrast, average yield on Treasury notes has gone up 0.80%, or from about 0.45 to 1.25%. . . . Average yield on Treasury bonds has gone up from 1.32% to 1.97%, an increase of 0.35%. . . . Average yield on longest-term Treasury bonds has gone up from 1.84% to 2.33%, an increase of 0.17%. . . . (Figures are from Blair Securities Corporation). . . .

Conclusions are obvious. . . . Hardening, slight as it may be from over-all viewpoint, in short-terms has taken place but has not spilled over to any extent into long-term market. . . . Control of long-term has been magnificent. . . . May be expected to continue for many, many months—and if it ever breaks down, the resulting

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OUR REPORTER'S REPORT

Provided nothing happens in the interval it is now indicated that the public offering of new securities growing out of the consolidation of several units into the Southwestern Public Service Company will be placed on the market next Monday.

This undertaking, involving as it does more than $32,000,000 of bonds, serial notes and stock, will doubtless mark the last underwriting negotiated directly between the company and its bankers.

The business in hand was inaugurated prior to the introduction by the Securities and Exchange Commission of its UK-12 Rule, subjecting all public utility issues to competitive bids, and accordingly is being handled outside that rule.

First mortgage bonds in the amount of $20,000,000 constitute the bulk of the projected financing. This issue is scheduled to carry a 3¾% coupon and to mature in 1972. But there are indications currently that the coupon may be raised to 4%, due to the change in market conditions in recent months.

Along with the bonds, the fi-

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Bull, Holden & Co. To Be Formed In N. Y.

Bull, Holden & Co., a New York Stock Exchange firm, will be formed as of Oct. 1, with offices at 14 Wall Street, New York City, by Henry W. Bull, Milton W. Holden, and George F. Brennan, to carry on a general brokerage business in securities and commodities. Mr. Brennan will be the firm's Exchange member.

Partners were formerly general partners in Winthrop, Mitchell & Co. and Winthrop, Whitehouse & Co. All employees of the new organization are, with one exception, former Winthrop, Mitchell & Co. and Winthrop, Whitehouse & Co. employees.

THE BOND SELECTOR

ATLANTIC CITY GAS COMPANY
First Mortgage 5s, 1960
First & Refunding 5s, 1957

The Army has taken over Atlantic City for all practical purposes. Since this resort city naturally depends in major measure on the influx of vacationists who sojurn at the many hotels both during summer and winter months, the fact that the armed services have taken over most of the hotels has turned the town into a soldier's haven almost exclusively. All the large boardwalk hotels have been leased to the Army or Navy, and now they are turning up the side streets and taking over hotels with a 25-room capacity and up. It is understood that the Navy will shortly have an extremely large post in Atlantic City and has already taken steps to enlarge the Steel Pier for its own facilities.

All this activity on the part of the Army and Navy up to this time has had a deleterious effect upon business in Atlantic City. When the hotels are taken over, they are naturally operated exclusively by service personnel. This has meant that the large number of people normally employed by these hotels has been released and most of them have moved from Atlantic City to seek employment in defense industries, especially in the Camden area. As far as local business is concerned, merchants are doing only a small fraction of their former volume, since the Army usually buys its provisions and equipment at wholesale from outside sources. Summing up, so far the conversion of Atlantic City from a premier resort to an Army post has had an extremely unprofitable effect upon the city's business.

Atlantic City Gas Company is no exception in this overall unfavorable business picture. Consumption of manufactured gas has fallen off considerably. There are several reasons for this, one being that normally the hotels use large quantities for cooking, and when the resort business was good the residential consumption also reached high levels. It is understood that at the present time, although all the large hotels are being used to house soldiers, cooking is confined to two hotels where all the men are fed. Residential volume of gas has declined due to the exodus of many residents formerly employed in the hotels, as pointed out previously.

All the foregoing would paint an extremely gloomy picture for Atlantic City Gas except for the fact that it is believed that the worst has now been reached and that in the Fall the situation should improve. It is quite apparent that Atlantic City will be a permanent post for the Army, and indications are that the Navy will also have established a permanent base there before long. In such circumstances, it is expected that Atlantic City and vicinity will experience an influx of officers and their families which will make up a sizable population. At the same time, armed service personnel will undoubtedly increase and facilities for feeding this growing group will have to be expanded. Efforts are also being made to acquaint the Army and Navy with the problems now confronting Atlantic City's economy and there is no doubt that the two services realize the situation and will cooperate to the fullest extent when complete organization is accomplished.

Atlantic City Gas Company serves not only Atlantic City but also many surrounding towns including Ventnor, Margate City, Longport, Pleasantville, Absecon, and many others with a combined population of approximately 110,000. Gas output in 1941 was 1,065,975,500 cubic feet compared with 1,118,145,100 cubic feet in 1940; gas sales in 1941 amounted to 960,808,500 cubic feet compared with 996,973,300 cubic feet in 1940. Daily manufacturing capacity of the gas plant at Atlantic City is 11,105,000 cubic feet; gas storage capacity is 5,414,000 cubic feet. The New Jersey Public Utility Commissioners placed a value for rate-making purposes of $5,000,000 on the properties in 1923; since then expenditures for additions and improvements of $3,891,019 have brought gross plant account up to $8,891,019. Reserve for depreciation amounts to $1,136,236.

The company's capitalization includes $4,739,000 funded debt, $882,000 of 7% $100 par preferred stock and 57,000 shares of common stock. All of the preferred and common is owned by Public Service Corporation of New Jersey, the parent company. Funded debt consists of $3,896,000 first mortgage 5s, 1960 and $843,000 first and refunding 5s, 1957. The first mortgage bonds are secured by the entire property of the company including its franchises which are perpetual. Sinking fund requires an annual payment of $25,000. These bonds have been outstanding since 1910 except for $500,000 which were offered in 1926. To date $631,000 have been retired by the sinking fund. They are callable at 105. The refunding bonds due in 1957 are a mortgage junior to the first mortgage on all the company's property, but are also secured by deposit with a trustee of $1,473,000 of the first mortgage bonds, which gives this issue a good collateral backing. They are callable at 102½ up to July 1, 1947.

Throughout the long depression years, Atlantic City Gas never failed to earn its fixed charges; in fact, preferred dividends have been paid regularly and common dividends have been paid in every year but three since 1926. There has been a downward trend of earnings during the past ten years as with most manufactured gas companies, but fixed charges were earned in 1941 1.12 times despite a decline in gross revenues. In spite of the serious reduction in gas sales during the past few months it is understood that fixed charges were just about covered during the first six months of 1942, but the chances are that the full year 1942 may reveal the company's failure for the first time to earn its bond interest completely.

The first mortgage bonds in the upper 70's and the refunding bonds quoted about four points below the first mortgage are considered good speculations for the post war possibilities inherent in the rehabilitation of the Atlantic City economy. As can be seen from the tabulation below, only in three years since 1934 have the first mortgage bonds ranged below 80, while their highs have more frequently been at or above par. The refunding bonds have had a more erratic record, but they, too, have sold well above par since 1934.

It is the general feeling of those best acquainted with the current Atlantic City problem, that the Fall and Winter will witness definite improvement. There is, of course, no suggestion that the possibility of failure to earn fixed charges fully in 1942 will have any bearing on continuation of interest. The company is owned by Public Service Corporation of New Jersey.

EARNINGS AND APPROXIMATE PRICE RANGES

	Times Charges Earned	Approximate Price Ranges 1st 5s, 1960 Bid	Bid	Ref. 5s, 1957 Bid	Bid
1941	1.12	100	—82	98	—87
1940	1.27	100	—81	99	—80
1939	1.35	91	—77½	89½	—74
1938	1.34	81	—62	78	—53
1937	1.35	102½	—72½	105½	—68
1936	1.39	102½	—99½	102¼	—96
1935	1.43	103¼	—96½	101½	—97
1934	1.49	108	—88	98	—82

Milton F. Klein Is Ward & Co. Partner

Milton F. Klein has become a partner in Ward & Co., 120 Broadway, New York City, Other partners are Bertram Seligman and John H. Stevenson, Albert Taylor having withdrawn from partnership. Mr. Klein has been proprietor of his own firm, M. F. Klein Co.

Arthur Lintott Joins Staff Of Loewi & Co.

(Special to The Financial Chronicle)

MILWAUKEE, WIS. — Arthur Lintott has become associated with Loewi & Co., 225 East Mason Street. Mr. Lintott for many years was President of Arthur Lintott, Inc., specialists in Wisconsin securities.

Garvey With Ordnance Co.

CHICAGO, ILL. — Harry M. Garvey has been granted a leave of absence from Central Republic Company, investment bankers, with which he has been associated for the past five years, to take a position with the Ordnance Steel Foundry Company, Davenport, Iowa.

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McClure Is Exec. Mgr. Of Victory Fund Comm.

CHICAGO, ILL. — Nathan D. McClure, Vice-President of Harriman Ripley & Co., Incorporated, resident in Chicago, has been granted an indefinite leave of absence to serve as Assistant Executive Manager of the United States Treasury Victory Fund Committee, for the Seventh Federal Reserve District (Chicago).

Faulkner & Campbell To Form NYSE Firm

Faulkner & Campbell, New York Stock Exchange firm, with offices at 115 Broadway, New York City, will be formed on Oct. 1. Members in the firm will be Dwight Foster Faulkner, Jr., Henry Godwin Campbell, the Exchange member, general partners, and Katherine S. Campbell, limited partner.

Mr. Campbell was formerly an individual floor broker in New York and prior thereto was a partner in H. G. Campbell & Co. Mr. Faulkner was with Cyrus J. Lawrence & Sons.

John W. Newman With H. L. Emerson & Co.

CLEVELAND, OHIO—John W. Newman has become associated with H. L. Emerson & Co., Inc., Union Commerce Building, and will specialize in State, county and municipal bonds. H. L. Emerson & Co. has bought and sold municipals for a number of years, but has not previously been in the underwriting field, it is announced.

Mr. Newman was formerly vice-president in charge of the Cleveland office of P. E. Kline, Inc.

Alfred Knapp Joins Newburger & Hano

PHILADELPHIA, PA. — Alfred S. Knapp is now associated with Newburger & Hano, 1419 Walnut Street, members of the New York and Philadelphia Stock Exchanges, as manager of their municipal bond department. Mr. Knapp was formerly manager of the sales department for Charles Clark & Co. in Philadelphia and prior thereto was sales manager of the Philadelphia office of Lobdell & Co.

Mayall With Lamson

(Special to The Financial Chronicle)

ST. PAUL, MINN. — James P. Mayall has become associated with Lamson Bros. & Co., 336 Robert Street. Mr. Mayall was recently with Harris, Upham & Co.

More Dealer Views Regarding Bid & Asked Rule

Following are some additional letters which have been sent to us by dealers regarding the SEC bid and asked disclosure rule. The Commission has set Sept. 15 as the final date for the receipt of comments from the industry concerning the suggested regulations to govern transactions in the over-the-counter markets.

DEALER NO. 27

A New York City dealer, on vacation, sent us the following letter:

I enclose for your arguments as to fair profits something elementary in another line of business but still food for thought in connection with the SEC bid and asked rule for the securities industry.

I have reference to the enclosed two cardboard holders from which I detached a fishing leader. You will note that they both are manufactured by the same firm and bear same number for trade purposes, although the price tag on one of them is 10 cents and on the other 15 cents. I bought the 15-cent one in Ticonderoga and around the corner in another store I saw the same article advertised for 10 cents and purchased same. Now then, is this right? If not, a stop should be put to it in all businesses. Compared with this situation, the securities business is angelic. Personally, I feel that perhaps the one man has a larger overhead than the other merchant, but both should have a chance to live and maybe they don't like mergers (I don't like partners—have had sad experience) and maybe they can't cut expenses any further. Should they go out of business? This is a problem... What I am trying to say is that the securities industry is no different than any other line of private enterprise and should not be singled out for arbitrary regulation as to what should constitute the amount of profit allowed on each and every transaction. Furthermore, to be in business, regardless of its nature, is a tough road as the hill to climb before one sees light for a profit is hard going and the best judge of this fact is a business man who has had actual experience in meeting expenses, rather than a lot of theorists just out of Law School.

I am willing to admit that I have had a friendly reprimand on profits, and I explained the circumstances to the NASD, and they saw light. But I don't cherish having to sit in my office and wonder every time I have a trade if I am to be called on the carpet to explain what actually is no more than a pittance of profit considering the time and personal expense involved in completing a transaction. The writer has been in business too many years in lean times and fully appreciates the problems involved in making a living. I bet I could find fault with any business and any organization if I looked them over. To criticize is easy; trying to do better yourself is another matter. I just finished my 17th visit with an account and still suggested they hold on to their securities and am still hoping that they will loosen up with some of their cash in order to help me make up some of the expense involved for time, experience (25 years), maintenance of office and records, etc., not forgetting out of pocket expenses of $63 incurred on this account. Who can tell me when to stop calling or when I will get the order? Who will repay me at least the $63 and something on top of it for my pursuit and honesty in counselling retention of list rather than swapping? YES, and I bet when I put through a trade and try to make up this loss I will get hell; but why worry too much about it, life is too short. However, I have a wife and three kids and a mother and father to support and can't take the chance of being put on the spot by arbitrary rulings and decisions. Let's all get together in a nice way and be honest with each other that the SEC-NASD has a tough assignment in judging the percentage of profit angle, and that we also have and we all want to be fair with each other and the customer by cooperating amongst ourselves. Well, why not say the profit shall not exceed a certain percentage and anything over that sum would have to be put up to a Committee or the dealer could chance it, subject to later approval which he will immediately seek. If not O.K., he could make it up to the account on later business without the account's knowledge, thereby avoiding antagonism and ill-will.

I had no intention of writing so much, but let's go to it since I have this machine at hand. I recently sent out five form letters with comments on inflation, and from past records you will see that our forms were about 100% accurate, and I am not fooling, on infla-

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Van Artsdalen Et Al With A. L. Wright

PHILADELPHIA, PA.—Wright, Weniger & Co., Inc., 1420 Walnut Street, announce that their firm name has been changed to Arthur L. Wright & Co., Inc., and that their Bell Telephone number is now Kingsley 1060.

Walter L. Van Artsdalen, formerly Vice-President of Fernau & Co., has become associated with Arthur L. Wright & Co., Inc., as vice-president. John E. Baumann, previously an officer of Fernau & Co., and Leon H. Sullivan, manager of the trading department of that firm, are also with Arthur L. Wright & Co. George H. Chester is now vice-president and secretary of the firm.

Whitehouse & Co. Will Be Formed Soon

Following the dissolution of Winthrop, Whitehouse & Co., on Oct. 1 the firm of Whitehouse & Co. will be formed with offices at 115 Broadway, New York City.

Partners of Whitehouse & Co. will be Arthur E. Delmhorst, Francis X. Lauro, Benjamin P. Phyfe and Berton J. Delmhorst, with J. Norman Whitehouse as a special partner.

Minimum Capital Rule Held Basically Unsound

The proposed NASD minimum capital rule is still being considered by the Securities and Exchange Commission. Additional dealer comment anent the proposition follows:

DEALER NO. 53

In his recent letter to us, Reginald E. Graham of New Haven, Conn., had the following to say:

I have not yet seen any mention made of the difference of capital requirements of a firm with a large overhead in rent, employees, statistical and wire services as compared with the small dealer with minimum overhead. It seems to me that a minimum capital of $25,000 for one and $5,000 for the other would still leave the large overhead firms more vulnerable to a period of slack business than the small dealer with very limited expenses. I had felt that there was a question as to the legality of the plan as adopted by the NASD but felt that the dealers affected by it would not have the capital to fight it out. I was therefore particularly pleased with the letter written by Frank Dunne, President of the New York Security Dealers Association. It had occurred to me that the large dealers might have thought that the small dealers might better be working for them. For instance, a local dealer with several offices in smaller cities in the State has advertised on several occasions "Not One Man, But an Organization," which would seem to indicate how they felt about one-man dealers.

REGINALD E. GRAHAM

Lawson Killed In Action

Capt. Peter R. Lawson, of the United States Marine Corps Aviation, formerly a member of the New York Curb Exchange and a partner in Peter R. Lawson & Co., New York City brokerage firm, was killed "in the performance of his duty" according to word received from the Navy Department by his wife, Mrs. Antoinette Lawson. Captain Lawson was commissioned a Lieutenant in the Marine Corps soon after the entrance of the United States into the war and was promoted to Captain a few weeks ago.

REAL ESTATE SECURITIES

Real Estate Bonds — A Neglected Security!

A Financial Writer in one of the local papers remarked that maybe the reason for the low trading in stocks was because of the facts brought out in a poll conducted by the Mutual Life Insurance Company in 14 States just before Pearl Harbor.

He stated that the poll revealed that 42% of those questioned preferred to put their savings in Government bonds and 20% in real estate, while only 3% were willing to invest in corporate securities. The order of preference ran 42% Government bonds, 20% real estate, 17% life insurance, 10% own business, 8% in the bank and 3% corporate securities.

In view of the decided preference of the public for real estate instead of corporate securities, it would seem that a new avenue of business would be real estate securities.

Upon investigating real estate bonds, we find many interesting facts: High yields, in some cases in excess of 10%, many bonds carrying with them stock representing a share in the ownership of the property, and in most cases depressed prices, often placing a value on the issues of only a fraction of the assessed value of the property that secures them.

An example of high yield is the first mortgage bonds of the Hotel St. George, which pay 4% and are selling at about a 10% yield. These bonds earn their interest about 1½ times, and this November will have a sinking fund calculated to retire about 5% of the issue.

An example of bonds selling at a fraction of the assessed value, is the first mortgage fee and leasehold bonds of the Bank of Manhattan building at 40 Wall Street; the fourth tallest building in the world.

At the current price of the bonds, a value of only approximately $1,325,000 is placed for the entire bond issue. The building alone is valued at over $10,000,000 by the assessors of the City of New York, and the annual rent roll of the building is over $2,000,000. The Bank of Manhattan has a lease in the building which calls for an annual rental of almost $700,000, or more than half the value paced on the entire bond issue at current price levels.

Those bonds that carry with them stock representing a share in the ownership of the property offer a double hedge. The bonds a hedge against high corporate taxes, because representing a funded debt, the interest can be paid before the corporation is taxed, and the stock an excellent hedge against inflation because real estate has always been considered one of the most valuable things to own in case of inflation.

In The Armed Forces

George E. Dawson, advertising and publicity manager of the Wells Fargo Bank & Union Trust Company of San Francisco, is on leave of absence from the bank to join the chemical warfare division of the U. S. Army Engineers Corps as a First Lieutenant. At present he is stationed in San Francisco.

Clinton O. Mayer, Jr., chairman of the Inter-American Hospitality Committee of the New York Stock Exchange, will enter the service of the Finance Department of the U. S. Army as a Captain on Sept. 15. Mr. Mayer served as a Lieutenant in the Field Artillery during World War I.

Edward T. Spiker has been commissioned a Second Lieutenant in the United States Army chemical warfare division and will report to Dallas, Texas, for active duty on Sept. 16. He has been granted a leave of absence from the Chicago investment firm of E. W. Thomas & Co., Inc., 135 South La Salle Street.

Fred D. Stone, Jr., formerly in the trading department of John Nuveen & Co., 135 South La Salle Street, Chicago, Ill., has been commissioned a Lieutenant in the U. S. Naval Reserve, supply corps.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

NEW YORK, N. Y. — **Henry Guenther Reel**, formerly of Hirsch, Lilienthal & Co., is now associated with **Abraham & Co.**, 120 Broadway.

NEW YORK, N. Y. — **Oswald Love**, for many years with Harris, Forbes & Co., has become affiliated with **E. W. Clucas & Co.**, 70 Pine Street.

NEW YORK, N. Y.—**Charles H. Rauch** is now associated with **Estabrook & Co.**, 40 Wall Street.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Richard W. Goepel**, has joined the sales department of **A. A. Bennett & Co.**, formerly Traction Securities, Inc., 105 South La Salle Street, and will represent the firm in Moline, Ill. Mr. Goepel was formerly with Alexander & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Lewis C. Fritts** and **Arthur B. Wilson**, both previously with Alexander & Co., Inc., and in the past with H. L. Harker & Co., have become connected with **Brailsford & Co.**, 208 South La Salle Street.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Joseph A. Babbert** has joined the staff of **Straus Securities Company**, 135 South La Salle Street. Mr. Babbert was formerly with Robert J. Phillips & Co., Hornblower & Weeks and F. H. Armstrong & Co.

(Special to The Financial Chronicle)

CINCINNATI, OHIO — **John Baas**, formerly with Magnus & Co., has joined the staff of **Westheimer & Co.**, 326 Walnut Street.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—**Edwin H. Lahrman** is now with **Prescott, Wright, Snider Co.**, 916 Baltimore Avenue. Mr. Lahrman was formerly with Alexander & Co., Inc., and John J. Seerley & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Charles R. Livingstone** has become affiliated with **Akin-Lambert Co.**, 639 South Spring Street. Mr. Livingstone was previously with Crowell, Weedon & Co., Sargent, Taylor & Co. and the Pacific Company of California.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Harold A. Makin**, formerly with Bankamerica Company and in the past with Edgerton, Riley & Walter, has been added to the staff of **Blyth & Co., Inc.**, 215 West Sixth Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Samuel J. Bell**, formerly with Conrad, Bruce & Co., has become associated with **O'Melveny-Wagenseller & Durst**, 626 South Spring Street. In the past Mr. Bell was Manager of the Municipal Department of the Citizens Los Angeles Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**William E. Lawson** is now connected with **H. R. Baker & Co.**, Bank of America Building. Mr. Lawson was previously with Leo G. MacLaughlin Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**James Claude Kenney**, for many years with O'Melveny-Wagenseller & Durst and its predecessor, and in the past an officer of Cyrus Peirce & Co., Ltd., has become associated with **Bingham, Walter And Hurry**, **Hilgers**, 621 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Charles C. Brownson**, formerly with Fewel, Marache & Co., is now with **Davies & Co.**, Pacific Mutual Building.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Dewey T. Tackaberry** has become affiliated with **E. F. Hutton & Company**, 623 South Spring Street. Mr. Tackaberry was previously with Edgerton, Riley & Walter.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN. — **A. Lincoln Jepson**, previously with Couper-Eckenbeck Co. and in the past with Brown Bros., Kootz & Co. and Chrest & Co., is now with **C. D. Mahoney & Co.**, Roanoke Building.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN.—**Frank H. Carleton**, for the past twenty years with First National Bank & Trust Co. of Minneapolis, has become associated with **Piper, Jaffray & Hopwood**, 115 South Seventh Street.

(Special to The Financial Chronicle)

OAKLAND, CALIF. — **Adolph Marion Bleiler** has become connected with **Bankamerica Company**, 1200 Broadway. Mr. Bleiler was formerly for many years with Brush, Slocumb & Co. as manager of their local office.

PHILADELPHIA, PA. — **Ralph W. Ervin**, formerly with the Philadelphia office of Riter & Company, has become associated with **Walter Stokes & Company**, 1529 Walnut Street.

(Special to The Financial Chronicle)

ST. LOUIS, MO. — **Arthur E. Smith**, formerly for many years with Ryan-Nichols & Co., 320 North Fourth Street, has joined the staff of **Murdoch, Dearth & White, Inc.**, Mississippi Valley Trust Building.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Joseph Rathert**, formerly for many years with Newhard, Cook & Co., is now associated with **Edward D. Jones & Co.**, Boatmen's Bank Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Robert A. Finley** is now with the **Anglo-California National Bank**, 1 Sansome Street.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Helen Leopold**, previously with Merrill Lynch, Pierce, Fenner & Beane, has become connected with **Davis, Skaggs & Co.**, 211 Montgomery Street.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Alice Dunton** has been added to the staff of **Wood, Struthers & Co.**, Russ Building.

Tomorrow's Markets Walter Whyte Says—

Rally pulls market away from "break" point. Averages now in critical area. Move in either direction would indicate trend.

By WALTER WHYTE

The big talk last week was no longer the war or the stock market, not that the stock market has been a big talking point for these many months. The big talk was the President's speech which crowded all other news off the page ones of the nation's press. The one he made on Labor Day in which he told Congress to stop messing around and do something about inflation or come Oct. 1, he would do it himself.

* * *

Given a Hobson's choice, Congress reacted typically. "It's a dangerous and revolutionary doctrine," observed one member of Congress. Improving on this sentiment another member said, "It's dangerous to the existence of democratic government." Other members not as articulate followed along with Senator La Follette who said the President had "placed a pistol at the head of Congress."

* * *

Well, if Congress feels so strongly about it, it has no one to blame but itself. Its major contribution to an inflation check was to go along whole hog with the farm bloc in decreeing a ceiling of 110% of parity. Since then it has been in the throes of concocting a tax bill while trying to keep a weather eye on the people back home.

* * *

It was its bad luck to have to think up new taxes at the same time it was anxious about the November elections. The result is for the past four months Congress has done little except to try and mend home political fences.

* * *

Whether the President has the right to tell Congress to move over under his emergency powers is a moot question. Attorney General Biddle arguing before the Supreme Court in the recent case of the Nazi saboteurs claimed the President "as Commander-in-Chief in times of war is not bound by statutes." Whether prices, wages and profits can be called military matters I leave you to judge.

* * *

Undoubtedly, the laying down the law to Congress with an either or else ultimatum is undemocratic, still it's about time Congress realized it was elected to do a job and not to run around the country trying to keep itself in office.

* * *

We read sales of War Bonds are not up to expectations but how can the average citizen plan ahead to buy more and more bonds if he can't know what his tax burden will be. One day there is a spending tax, then a compulsory savings tax, a tax returnable at some future date. Then comes a Ruml plan followed by a still newer Treasury plan. And so it goes. Now there's still another one—a 5% tax on all incomes in excess of $12 a week called a Victory Tax. The assumption being that anybody who votes against it is against victory.

* * *

Of course everybody knows of the $25,000 income limit which seems to be a favorite subject with the President. While this may evoke indignation in some quarters most of working Wall Street would be tickled pink to make that kind of money now. In fact so widespread is this feeling that a great many Wall Street people are in favor of making it illegal to earn less than $25,000 a year.

* * *

During all this excitement the market managed to recognize the 10 day phenomenon and went up. The advance was nothing startling still it did manage to advance from 106.36 as of last week to 107.68 on Tuesday of this week. This brings the Dow figures smack up against the levels which have so far been a stumbling block since the beginning of July. A reaction from this level would not be surprising but such reaction must hold above the lows of Sept. 5—106.54. In fact the market at this writing is in such a ticklish position that any event may either shove it ahead to above the 110 figure or break it down to about 102. The di-

(Continued on page 884)

RAILROAD SECURITIES

Persistent rumors of the imminence of a secondary distribution of a large block of bonds (which may actually have come by the time of this printing) has brought about a sharp increase in speculative interest and activity in the Chicago & Alton 3s, 1949. The road is in the anomalous position of having been in default of interest on its bonds since late 1938 without any attempt being made for a petition of receivership or of bankruptcy under Section 77. The properties, therefore, are not under the jurisdiction of any court and interest payments may be made at the discretion of the management without the necessity for a court order or court approval.

One semi-annual coupon was paid in 1940, another late last year, and a third on July 15, 1942. The bonds now carry matured unpaid interest in the amount of 7½%, to be increased to 9% on Oct. 1, and confidence has been growing that the high level of earnings and the expanding cash balance may induce a more liberal distribution policy over the relatively near future. In fact, it was reported a few weeks ago that an agreement had been reached between bond holders and the management that all earnings, after deduction of a capital fund of 2½% of gross, would henceforth be passed along to bond holders. Any such agreement would naturally be limited to payment of arrears, and reestablishment of the regular 3½%.

In effect such an agreement would put the bonds on a full contingent interest basis, while bypassing the lengthy process of judicial reorganization. From the point of view of the bond holder such an agreement would be doubly favorable in that it would avoid any such sacrifice as settlement of a portion of the claim in new stocks which would appear inevitable in a reorganization formulated by the Interstate Commerce Commission under Section 77. It would also be highly constructive from the management point of view, assuring continued control by the Baltimore & Ohio which now owns all of the common stock. In judicial reorganization the equity of the old common would obviously be scaled down drastically, if not eliminated entirely.

Under present earnings conditions there appears ample justification for the renewed optimism towards the outlook for interest payments. Following a consistent record of deficit operations ever since completion of the previous reorganization in 1931, the Alton finally realized a profit last year with fixed charges earned 1.10 times. Moreover, despite the burden of higher wages and an increase of approximately 160% in tax accruals, the rate of earnings expansion has been accelerated sharply in the current year. Net operating income for the seven months through July was more than double that reported a year earlier. In fact it was moderately higher than net operating income for the entire year 1941, and the company's seasonally best period is still to come.

As prospects in the service area continue bright, and wage levels from here on will be comparable with those of a year ago, the company might well cover its fixed charges approximately 2.5 times this year, with an indicated net income of around $2,650,000. Even allowing for deduction of a capital fund of 2½% of gross revenues, which are estimated slightly over $30,000,000, the projected 1942 earnings would be equivalent to more than 7% on the Chicago & Alton Refunding 3s. With such earning power, and the company should continue to do extremely well throughout the balance of the war period, it would take little more than two years to clear up the interest arrears along with current accruals.

Annual interest requirements on the Chicago & Alton 3s amount to $1,360,500. In comparison, cash items as of June 30 amounted to $1,770,000. This compares with $792,000 a year ago, and further rapid improvement should be witnessed in the closing months of the year. In addition, miscellaneous accounts receivable aggregated $1,369,000 compared with $532,000 on June 30, 1941 and inventories of materials and supplies at $1,638,000 had been built up more than 100% during the 12 months. It does not seem unreasonable to hope that by the end of the year finances may be sufficient to warrant distribution of a full year's interest. The bonds have been hovering slightly below the 22 level at which price they would afford a return of 14% on the basis of the regular interest rate, without any consideration of payments on back accruals. The bonds are considered by many railroad men to be particularly attractive compared with the general run of new income bonds outstanding.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Sept. 4 that the tenders for $350,000,000, or thereabouts of 91-day Treasury bills to be dated Sept. 9 and to mature Dec. 9, which were offered on Sept. 2, were opened at the Federal Reserve banks on Sept. 4.

The details of this issue are as follows:

Total applied for, $709,828,000.
Total accepted, $351,288,000.
Range of accepted bids (except for one tender of $50,000):
High, 99.925, equivalent rate approximately 0.297%.
Low, 99.905, equivalent rate approximately 0.376%.
Average price, 99.907, equivalent rate approximately 0.368%.
(12% of the amount bid for at the low price was accepted.)

There was a maturity of $300,380,000 of bills on Sept. 9.

With respect to the previous week's offering of $350,000,000 of 91-day bills, dated Sept. 2 and maturing Dec. 2, the following are the results:

Total applied for, $872,936,000.
Total accepted, $350,874,000.
Range of accepted bids:
High, 99.925, equivalent rate approximately 0.297%.
Low, 99.906, equivalent rate approximately 0.372%.
Average price, 99.907, equivalent rate approximately 0.367%.
(33% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Sept. 2 in the amount of $251,301,000.

Utilities Attractive

With the Securities and Exchange Commission apparently moving in the direction of integration of certain of the larger holding companies in the utility field, it seems probable, according to Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange and other leading Exchanges, that the higher valuations back of certain stock in the utility holding field are now close toward realization. The situation in United Light & Power Company, preferred shares of which offer, Goodbody & Co. believes, an outstanding example of the liberal yield eventually to be possible and of the substantial price appreciation possible, is discussed in detail in a most interesting study which the firm has just issued.

Copies of this study, and a detailed analysis of the North American Co., which also offers a situation of unusual promise, the firm believes, may be had upon request from Goodbody & Co.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: high—40¾; low—14¾; Sept. 9 price—40⅝.

Bank and Insurance Stocks

This Week — Bank Stocks

The pending Revenue Bill of 1942 is beginning to take shape and the point has perhaps been reached where the impact of new taxes on various industries and companies can be roughly computed. Apparently the only fundamental difference between the House Bill and the one likely to be reported out by the Finance Committee of the Senate, in regard to corporation taxes, will be the matter of post-war credits. In other words, it seems reasonably certain that corporate rates will call for a Normal Tax of 24% and a Surtax of 21%. The Excess Profits tax remains the chief bone of contention but will probably be around 90% (with certain allowances which might serve to reduce the effective rate somewhat) or, if the rebate principle cannot be agreed upon, a flat rate of 80% to 85%.

As far as the Banking Industry is concerned, Federal taxes have heretofore been a relatively minor item of expense. Even in 1941, it was possible for almost all of the banks to avoid any liability for Excess Profits taxes and, due to their large holdings of tax-exempt Government and Municipal bonds, most banks have thus far been little affected by the Normal Tax. Banks have been unusually sheltered in respect to the normal tax because they are permitted to charge their operating expenses against taxable income, thus leaving their tax-free income unimpaired. However, the corporate surtax provisions now being introduced into the tax system will draw the banks very effectively into the tax picture because this tax is applicable to virtually all net income. For example, the 1941 surtax of 7% served to increase the tax payments of many banks by 50% as compared with the previous year..

If a surtax rate of 21% is included in the 1942 Revenue Bill, the tax liability of most representative banks should run around 50% higher than last year and, perhaps, two or three times the amount paid on 1940 earnings. However, the Banking Industry will continue to occupy a relatively favored position tax-wise. In fact, according to present indications, it may prove to be one of the few industries which will be able to absorb these higher taxes and still earn about as much in 1942 as in 1941, after taxes. Apparently a majority of standard industrial and utility companies will earn much less this year than last. In the exceptional cases of companies earning more in 1942 than in 1941, the answer usually is that they operate in chronically depressed industries, such as Coal or Transportation, or have been special beneficiaries of the war boom.

That most of the larger banks can readily offset the new tax schedules to be imposed has already been conclusively demonstrated. In the first six months, for example, it is understood that taxes were generally reserved for at least to the extent of the most severe bill now likely of enactment. Some banks, it is reported, went so far as to provide for a surtax rate of 31% as originally proposed by the Treasury. Yet indicated earnings for most of the large commercial banks in the first half, after the higher reserves, showed no appreciable change in comparison with the same period of 1941. In other words, the banks are definitely earning more money again and, thus far at least, are able to retain as much for dividends or undivided profits as they have been accustomed to show in recent years.

Looking beyond the immediate horizon, other problems and influences wil begin to appear from time to time in connection with taxes and related matters. One item about which it is interesting to speculate is the ultimate effect on bank earnings of eliminating tax-exemption from future issues of Government Bonds. This is of no great concern for the time being because there are still some $33,000,000,000 of tax-exempt Government securities outstanding and, it is estimated, only about half of this amount is apt to be retired in the next five years. In addition, a good many billions in state and municipal issues are available. Apparently there will be enough tax-exempts to go around for a considerable period ahead because it will probably become common practice among the banks to carry such issues in their portfolios only to the approximate extent that they are needed for tax purposes.

As time goes on, of course, the banks will gradually become subject to some liability in respect to Normal taxes. Then it will be a question of whether earnings can be continuously "geared up" to a level which will permit them to absorb such taxes. That could be accomplished either by higher interest rates or by a permanently higher volume of earnings assets, or a combination of both. As things look now, the banking system is going to be holding a very much larger quantity of Governments for a very long time to come. Therefore, so long as Government Bonds pay interest, the banks will have a very considerable source of income automatically available. As a matter of fact, if the earnings assets of the banks expand to the extent that seems likely, earnings will shortly reach a point where Excess Profits taxes will no longer be an abstraction.

Bank stock analysts and investors must now, for the first time, give consideration to tax factors and the individual position of each bank must be studied just as is done in the case of industrial corporations. In general, banks which have been earning at a very high rate on capital funds will have less "elbow room" as respects Excess Profits taxes than those which have been earning at a very low rate. In the latter situation, a bank may be able to raise its permissible earnings ceiling by utilizing the Invested Capital Option to advantage. Thus the new tax laws, increased standardization of banking practices and other developments will be a great "leveler" and should lead to more uniformity in operating results than has been characteristic in the past.

One thing seems sure and that is that banking capital will be more productive and useful than has been true for some years. Banks with a low ratio of deposits to capital funds will obviously be in the best position to expand their deposits and earning power. Consequently those banks which have been regarded as "over-capitalized" will, at long last, come into their own. The historical relationship of 10 to 1 between deposits and capital has long since gone where the woodbine twineth. From here on, the sky is the limit —and no one knows the end thereof.

Mystery Well Brought In; Rumored Unusual Producer

As an indication of the improvement made in drilling methods in the oil industry, Tellier & Co. of 42 Broadway, members of the Eastern Oil Royalty Dealers Association, call attention to the fact that the world's largest oil well was brought in after drilling to a depth of over 10,000 feet. It is the Shell Oil Company No. 1 Sealy-Smith in Ward county, West Texas fields.

Topping the Ellenberger lime at 10,082 feet, in May, it drilled to 10,111 feet, and after cementing the 7⅝-inch at 10,077 feet, with 500 sacks, then set the two-inch at 10,106 feet, and on May 5 it made 120.1 barrels of oil through tubing.

Washed with 1,000 gallons of acid it made 67.3 barrels of oil and was shut in. Operators then began to experiment with the well, and the output was stepped up from 64 to 90 barrels an hour until field men working the Midland territory reported it doing "better than 500 barrels an hour," and "on some tests as high as 3,000 barrels an hour."

"War Reasons" Given

Shell employes are withholding an official information about the well for "war reasons."

As long as it is being experimented with the Texas Railroad Commission will permit the well to be produced just so it gets an official report on the results.

As the week ended the Shell started a 6,000-foot rotary test, No. 2 Sealy-Smith, at 2,310 feet from the north and 1,650 feet from the east lines of section 38, same block and survey for a deep Permian lime.

The Shell well has been the talking point of the industry for weeks, but despite all the pleading and other efforts the official facts are still a secret.

Facts Withheld

The "World's" oil editor attempted to find out while on his recent vacation, but like the oil writers of Midland, Odessa, San Angelo, Fort Worth, Dallas, Houston and elsewhere he found a discreet silence, with no answer given for reports favorable or critical of the Shell's policy.

The Limpia Royalty Company of Tulsa, managed by Walter E. Templeman, Neil E. Templeman and Orville G. Frantz, owns more than 12,000 acres of royalties just north of the Sealy-Smith Foundation land, and yet they, too, are without the true facts, other than it is the general belief of Texas oil men that the Shell producer is today the world's largest oil well.

Future Promising

LeRoy Menzing, assistant oil editor of the Fort Worth "Star-Telegram," and G. A. Galbraith, manager of the Texas division of Rinehart's "Oil Reports," agree with Permian Basin operators that the Shell has a whopper of a big well. Galbraith, a former Oklahoman, in looking over the map of the basin, said:

"The Shell's discovery of Ordovician production in the Sealy-Smith Foundation well assures a long future for West Texas and southeast New Mexico, as well as stimulating a wide search for the deep zone throughout the Permian Basin."

Since the Shell's strike the Phillips Petroleum Company of Bartlesville has opened big production in both the Permian and Ellenburger limes in Andrews County, and a heavy drilling campaign is starting around its two discovery wells.

Tellier & Co. specialize in offering oil royalties to registered dealers and will gladly explain the advantages this type of investment offers investors, particularly at the present time.

Ins. Stocks Attractive

The present situation in issues of Aetna Insurance Company, Bankers & Shippers Insurance Company, Continental Insurance Company, Fire Association of Philadelphia, Jersey Insurance Company, Pacific Fire Insurance Company, Reliance Insurance Company, Seaboard Surety Company and Springfield Fire & Marine Insurance Company offers attractive possibilities according to recent memorandums issued by Mackubin, Legg & Company, 22 Light Street, Baltimore, Md., members of the New York and Baltimore Stock Exchanges. Copies of these interesting releases may be obtained by writing to the Bank & Insurance Stocks Department of

DIVIDEND NOTICES

THE UNITED STATES LEATHER COMPANY

A dividend of $8.00 per share on its Prior Preference stock to apply on account of dividends in arrears on this date has been declared by the Board of Directors of this Company, payable October 1, 1942 to stockholders of record September 21, 1942.

C. CAMERON, *Treasurer.*
New York, September 9, 1942.

New York & Honduras Rosario Mining Company
120 Broadway, New York, N. Y.
September 9, 1942.

DIVIDEND No. 360

The Board of Directors of this Company, at a meeting held this day, declared an interim dividend for the third quarter of 1942, of Seventy-five cents ($.75) a share on the outstanding capital stock of this Company, payable on September 26, 1942, to stockholders of record at the close of business on September 16, 1942.

WILLIAM C. LANGLEY, Treasurer.

DIVIDEND NOTICES

CELANESE
CORPORATION OF AMERICA
180 MADISON AVE. - NEW YORK, N. Y.

THE Board of Directors has this day declared the following dividends:

5% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.25 per share, payable October 1, 1942 to holders of record at the close of business September 18, 1942.

7% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable October 1, 1942 to holders of record at the close of business September 18, 1942.

7% SECOND PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable October 1, 1942 to holders of record at the close of business September 18, 1942.

COMMON STOCK

A dividend of 50¢ per share, payable September 30, 1942 to holders of record at the close of business September 18, 1942.

JOHN A. LARKIN,
Vice-Pres. & Sec'y.
September 8, 1942

THE ELECTRIC STORAGE BATTERY CO.

Exide BATTERIES

The Directors have declared from the Accumulated Surplus of the Company a dividend of Fifty Cents ($.50) per share on the Common Stock, payable September 30, 1942, to stockholders of record at the close of business on September 14, 1942. Checks will be mailed.

H. C. ALLAN, *Secretary and Treasurer.*
Philadelphia, September 3, 1942.

HOMESTAKE MINING COMPANY
Dividend No. 857

The Board of Directors has declared dividend No. 857 of thirty-seven and one-half cents ($.37½) per share of $12.50 par value Capital Stock, payable September 25, 1942 to stockholders of record 12 o'clock noon, September 19, 1942.

Checks will be mailed by Irving Trust Company, Dividend Disbursing Agent.

R. A. CLARK, *Secretary.*
September 2, 1942.

LOEW'S INCORPORATED
"THEATRES EVERYWHERE"

September 4th, 1942

THE Board of Directors on September 2nd, 1942 declared a dividend at the rate of 50c. per share on the outstanding Common Stock of this Company, payable on September 30th, 1942 to stockholders of record at the close of business on September 18th, 1942. Checks will be mailed.

DAVID BERNSTEIN,
Vice President & Treasurer

OFFICE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
CHICAGO ILLINOIS

The Board of Directors of Louisville Gas and Electric Company (Delaware), at a meeting held on September 4, 1942, declared a quarterly dividend of thirty-seven and one-half cents (37½c) per share on the Class A Common Stock of the Company, for the quarter ending August 31, 1942, payable by check September 25, 1942, to stockholders of record as of the close of business September 15, 1942.

At the same meeting a dividend of twenty-five cents (25c) per share was declared on the Class B Common Stock of the Company, for the quarter ending August 31, 1942, payable by check October 27, 1942, to stockholders of record as of the close of business September 15, 1942.

G. W. KNOUREK, Treasurer.

WESTERN TABLET & STATIONERY CORPORATION

Notice is hereby given that a dividend at the rate of $1.00 per share on the issued and outstanding shares without par value of the Common Stock of Western Tablet & Stationery Corporation has been declared payable on September 30, 1942, to the holders of record of such shares at the close of business on September 21, 1942.

E. H. BACH, *Treasurer.*

THE TEXAS COMPANY

TEXACO

160th Consecutive Dividend paid by The Texas Company and its predecessor.

A dividend of 50¢ per share or two per cent (2%) on par value of the shares of The Texas Company has been declared this day, payable on October 1, 1942, to stockholders of record as shown by the books of the company at the close of business on September 4, 1942. The stock transfer books will remain open.

L. H. LINDEMAN
August 20, 1942 *Treasurer*

The Securities Salesman's Corner

TWO ESSENTIALS TO BUILDING CUSTOMER GOOD WILL AND CONFIDENCE

The first thing we must do in order to gain the confidence of another is to say and do the things that he will approve. We must meet him on a basis that will encourage him to like us. One of the simplest and best methods of doing this is to find a "common interest."

Let the other fellow talk. Ask questions about what he has said; encourage him by your attitude of interest and the attention which you evidence in his remarks. Just watch and see how the flood-tide of self expression will loosen the most reticent tongue—once you get it started.

This is the way that leads to the "common meeting ground" that brings two strangers together. It could be places you've been, people you know, hobbies, political interests, pet likes or dislikes, or any of the experiences of life, that all people share together in a greater or lesser degree. When you get to this point you are beginning to "arrive" with your prospective customer. He is now starting to like you as a person. This is the first step that must be taken before any sale can be consummated.

The next step follows in logical order. Here is where you build confidence in your ability as a competent securities salesman and financial analyst. No matter how much your prospect may like you he is not likely to accept your suggestions regarding his investments unless he is first convinced that you are COMPETENT TO ADVISE HIM.

The way to do this is to know securities, the markets, current events and as much information about the entire business, financial and political situation as you can possibly acquire. Then when the questions come—you have the answers, ready! For instance, if it's rails—you'll know about the McLaughlin Bill now pending, about the latest proposal of the Treasury to allow the old capitalization as a taxation base for reorganized roads, the latest earnings of the major systems, the leading issues and their current prices, such things as the latest tax case recently coming to the fore regarding the Delaware & Lackawanna and its leased lines, carloadings, and all the other important factors that go to round out an experienced and competent securities man's stock in trade. The same background is necessary right on down the line, which would include all classes of securities—industrials, public utilities and municipals.

This knowledge can only be acquired through reading financial publications such as the Financial Chronicle and other papers of a similar standing. This kind of reading should become a daily habit—part of every salesman's regular routine.

Do these two things and see enough people who are qualified investors—the results must bring success.

Curb Clearing Corp. Closes Night Branch

At a meeting of the directors of the New York Curb Exchange Clearing Corporation held on Aug. 27 it was decided to discontinue the night branch of the Corporation, effective Sept. 1.

The last clearance accepted by the night branch until further notice was the transactions effected Aug. 28 and 29, which were combined on one clearing sheet and given to the night branch on Aug. 31.

Closing of the night branch of the Stock Clearing Corporation, a New York Stock Exchange affiliate, was reported in these columns Aug. 27, page 710.

W. W. Lanahan Merges With Alex. Brown Co.

Announcement is made that the business of W. W. Lanahan & Co. of Baltimore will be combined with that of Alex. Brown & Sons and that Colonel W. W. Lanahan will become a special partner of Alex. Brown & Sons. A number of the employees of W. W. Lanahan & Co. will be added to the staff of Alex. Brown & Sons. As is customary, the final arrangements are subject to the formal approval of the New York Stock Exchange.

Established in Baltimore in 1800, Alex. Brown & Sons is one of the oldest banking firms in the country. Two of its present partners are the sixth generation of the family of Alexander Brown, its founder. Active as underwriters and distributors of investment securities, the firm is a member of the New York and Baltimore Stock Exchanges and an associate member of the New York Curb Exchange. Its main office is in Baltimore, at 135 East Baltimore Street, branches being maintained in New York and Washington.

W. W. Lanahan & Co., established in 1909, is one of Baltimore's leading investment banking organizations. The firm has been active in the distribution of municipal and corporate securities and holds membership on the New York and Baltimore Stock Exchanges and an associate membership on the New York Curb Exchange. Wm. Wallace Lanahan is serving as Colonel in the Army Specialist Corps and is a Director of Mid-Continent Petroleum Corporation and the Equitable Trust Company of Baltimore and is a former Governor of the New York Stock Exchange.

The announcement states that Robert B. Hobbs, a partner in W. W. Lanahan & Co., who has recently been on leave of absence from the firm to serve as Assistant Executive Manager of the Victory Fund Committee for the Fifth Federal Reserve District, has just accepted an appointment with the United States Treasury Department which necessitates the severance of all private business connections. Another partner of the Lanahan firm, Daniel H. Flynn, will become associated with Alex. Brown & Sons.

CCNY Gives Course On Sales Development

The expanding role of salesmen in the distribution of merchandise during war time is emphasized in a course in Sales Development Through Retailers, offered at The City College School of Business Evening Session, Lexington Avenue at 23rd Street, by Harry E. Cohen, President of the Cardinal Hosiery, Inc. According to an announcement by Dr. Robert A. Love, Director, the course will deal with such topics as guiding the retailer in pricing, stock control, purchasing, etc., together with the coordination of sales, merchandising and advertising activities of manufacturers and retailers. Special emphasis will be placed on the problems resulting from priorities, allocations and price control regulations.

The course will be given Monday evenings beginning Sept. 28. Registration takes place Sept. 14 to 23.

Rollins Adds Sales Staff Of Selected Inv.

CHICAGO, ILL. — The retail sales organization of Selected Investments Company having become associated with E. H. Rollins & Sons Incorporated in Chicago, Detroit, St. Louis, and other middle western cities now places Rollins in the position of having one of the largest investment sales organizations in the country. The firm has for many years maintained major offices in New York, Chicago, Boston, Philadelphia and San Francisco and out of these major offices operates more than 30 branch offices.

In Chicago, E. H. Rollins & Sons Incorporated is now located in The Field Building, 135 South La Salle street. Perry Dryden, Vice-President and Director, heads this office and is also in charge of middle western operations. The Detroit office in the Penobscot Building is managed by Ray E. Davis, and the St. Louis office in the Boatmen's National Bank Building is headed by Walter C. Rawls, resident manager, and Harold H. Giger, sales manager.

Further Advance In Canadian Business

The Bank of Montreal, in its Aug. 22 "Business Summary," states that the "further advance in business recorded in July again reflected war expenditures, the expansion being noteworthy in the field of war production. The Government during the month spent $302,858,779 for war purposes, $190,358,779 on Canadian account and $112,500,000 to finance United Kingdom expenditures in this country. Up to the end of July more than one-half of the billion dollar gift to Britain had been used, bringing total appropriation on this account up to $548,928,633 since April 1." The bank's review further said:

"During the first half of the current year the principal factors indicating economic trends showed advances over the same period in 1941. The movement as a whole was modified by reduction of grain marketings and construction activity, but the output of war industries was such that the general production level reached in the six months was the highest in history. There was a gain of nearly 9% in manufacturing output, and employment registered a marked increase, particularly in manufacturing plants. Railroad carloadings gained 9.4% and the percentage gain in gross revenue receipts was still higher. The output of electric power in the six months showed a gain of 18.3%, with an all-time high for any month having been established in January. The mining industry output was virtually maintained with a negligible recession of 2.5%, though gold mining was less productive."

Security Analysts Forum

The New York Society of Security Analysts, Inc. will hold their weekly Forum on Friday, Sept. 11, at 12.30 p.m. at 56 Broad Street. This meeting takes the place of the usual Wednesday meeting. The group will be addressed by M. L. Seidman, tax expert of the accounting firm of Seidman & Seidman, who will speak on "The Pending Tax Bill," with special emphasis on changes in the treatment of capital gains.

Palmer With Cavanaugh

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Donald M. Palmer has become associated with Cavanaugh, Morgan & Co., Inc., 634 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Palmer in the past was an officer of Nelson Douglass & Co. in charge of their Pasadena office.

Investment Trusts

BUSINESS IS LOOKING UP

In the first eight months of this year the volume of shares traded on the New York Stock Exchange was roughly 25% lower than in the same period of last year.

That, however, is not the experience of the investment company field. Most open-end companies whose shares are being actively marketed report an increase of sales over last year. In some instances this gain has been substantial and in nearly all cases it has been progressive. August, normally the slowest month of the year for investment share sales, to date has been the BEST MONTH this year for a number of leading units.

For example, Hugh W. Long & Co. reports that sales of Manhattan Bond Fund through the first 28 days of August have exceeded those of any full month in more than two years. Net assets of the fund as of August 28 exceeded $9,500,000 as compared with $9,000,728 as of July 31, 1942.

Keystone Custodian Funds reports total net assets of approximately $36,800,000 as of Sept. 1, 1942, compared with $33,286,000 two months earlier. This represents a net gain of more than $3,500,000 during July and August.

Calvin Bullock in the latest issue of "Bulletin" reported that the per cent **increase** in dollar sales of Dividend Shares during the first seven months of 1942 amounted to 39% compared with a **decrease** of 26% in volume of shares traded on the New York Stock Exchange during the same period.

Business for the investment companies is looking up! We believe that particularly in these uncertain times there are many sound reasons why it should continue to do so.

Investment Company Briefs

A folder describing the distribution policy of Aviation Group Shares has been published by Institutional Securities, Ltd. It is pointed out that the features of the policy with respect to the reinvestment of dividends received are designed to meet the requirements of "living trusts."

* * *

"Opportunities in 50 Low-Priced Stocks" is the title of the Keystone Corporation's latest bulletin. Points in favor of this class of securities are summarized as follows:

"Fifty low-priced stocks, selected by unbiased investment counsel from all listed stocks, for their appreciation possibilities present this interesting picture:

1. Earned 69¢ in 1937—when they sold at 25 per share.
2. Earned $2.13 in 1941—and now sell at $6 per share.
3. Sold at 36 times earnings in 1937—and are now available at less than 3 times earnings.
4. Changes in the proposed tax bill, now under consideration by the Senate, should help rather than hurt these stocks.
5. Current return approximately 3.8%—with a wide margin of earnings protection.
6. Appreciation possibilities on recovery to 1937 high—340%.
7. Low-priced stocks appear to offer greater protection against inflation than any other class of listed securities."

* * *

Lord, Abbett's "Background" for September contains an interesting discussion of transportation problems in wartime. The peculiar problems of this country and our success in meeting them are discussed in some detail.

The latest issue of "Abstracts" analyzes a problem of universal interest to dealers. The bulletin is titled, 'The Psychologists Have An Answer For It," and reads as follows:

"Why does the average investor buy securities when they're up and sell them when they're down?

"This is no trick question; the psychologists have an answer for it. They explain that it's natural and easy for the human mind to project a trend. If a situation is black, it's natural to visualize it becoming blacker. If conditions are good, it's normal to anticipate that they will improve further. If the line on a chart points down, the implication is that it will go lower. If the line points up, the natural conclusion is that it will go higher.

(Continued on page 881)

Municipal News & Notes

Much has been written and said about the necessity for the Federal Government to practice rigid economy in expenditures not related to the war effort, but the problem faced by State and local governments have been given comparatively little attention. This is difficult to understand, too, because it is the local tax procedure which touches everyone to an even greater degree than Federal fiscal policy.

States are faced with dwindling receipts from gasoline and sales taxes, due to curtailment of automobile driving and decreased amounts of goods in many lines available to the consumer. For example, 26 States reported that their revenue from gasoline taxes in June, 1942, had declined 17% under June of 1941. In several States, the counties and municipalities receive a portion of the gasoline and sales taxes collected in their areas. Local governments likewise have experienced a decline in their revenues from various forms of merchants' taxes. Many counties have seen an enormous acreage of their farm lands removed from the tax rolls because this acreage has been taken over by the Federal Government for military training camps.

Faced as they are with these dwindling receipts, State, county and municipal governments are confronted with two simultaneous courses of action: (1) endeavor to find new sources of revenue, and (2) begin to practice a rigid economy that will eliminate many of the "services" that have become a part of local and State politics.

Some taxing bodies will adopt an economy program. They will discharge unnecessary employees; they will conserve supplies and, generally, carry out every possible plan to save money.

The bulk of the local and State taxing bodies, however, will continue to furnish "services" to the public which politicians contend are necessary. They will continue to maintain large pay rolls; they will spend money for unnecessary things, and, to meet their budgets, they will strive mightily to discover new avenues of taxation.

It is this latter group which should be curbed and made to realize that they must retrench on expenditures exactly the same as everyone else is doing—particularly while the nation is at war. The Federal Government, in the minds of most of the public, is a far-away thing; it is something which exists in a nebulous way, so far as fiscal operations are concerned. More people than ever before will pay income and excise taxes next year, but, still the average citizen looks upon the "Government" as something which does not directly touch him.

But his local and State governments are something else again. The average citizen is acutely aware of their taxing power and policies, and it is to them he turns when he seeks to air a taxation grievance.

War Effect On State Revenues

Following along the same general trend of thought, the Tax Institute of the University of Pennsylivania, in the July issue of its bulletin, "Tax Policy," devoted considerable space to the subject. The research staff summarizes its findings as follows:

Income, alcoholic beverage and tobacco taxes will probably ride high for the duration.

Sales taxes which have been reappearing in revenue may taper off somewhat, but probably not to an alarming extent.

Motor vehicle taxes will undoubtedly decline but, despite the glooming prognostications, probably not to the extent anticipated, unless the Government requisitions pleasure and convenience cars, or prohibits the use of gasoline for such cars.

The real tailspin in State revenues is being taken by the gasoline tax. If the present basis of rationing is maintained, gas tax revenues will probably stabilize somewhere around the present yield for Summer months, but will perhaps show another sharp decline during the Winter months when a large number of cars will probably go in storage for several months.

No trends are discernible yet in the property tax.

In all, the review gives reason to believe that all is not rosy for the future of State revenues and that recent reports of numerous surpluses in State accounts are likely to be less favorable in the future.

War Impact On Revenue Bonds

The New York "Journal of Commerce" carried the following item of interest to municipal men in its "Bond Market Gossip" column recently:

The impact of the war upon governmental transportation projects has caused severe declines in revenues of publicly owned bridges, tunnels and highways. To date no project, however, has been hit so hard as to necessitate default on bond interest.

It is now reported, however, that the Thousand Islands Bridge Authority was forced to omit payment of interest on Sept. 1. The indicated failure to provide interest of course stems from the 60% decline in revenues and the inability of the Authority in past years to build up adequate reserves for just such a contingency. This is one of major defects in the revenue bond device and has deferred many investors from buying revenue bonds in the past.

An interesting sidelight is that two years ago the Authority was considering refunding its current 4% bond issue with a 2¾ or 3% issue. Had such a refunding been achieved, the Authority would be much better able to withstand pressure of revenue declines. There is no evidence at present that other important public transportation authorities will follow the Thousand Islands Bridge Authority in defaulting on bond interest.

Should the war continue for a really long time other projects will use up their reserves and be confronted with possibility of default unless aid is received from the States or Federal Government.

Municipal Dealers Face High Clerical Costs

Municipal bond dealers and brokers are very properly irritated by this new SEC attempt to invade the domain of tax exempt securities. The question of disclosure per se is relatively unimportant because profit margins on all but lowest grade municipals have been contracted materially as a result of the intense competition resulting from paucity of new issues.

What is significant is that the actual clerical costs of disclosure would be high and would tend to restrict trading in bonds of many small municipalities.

Even more aggravating from the viewpoint of dealers is that under the proposed measure, bond departments in banks would be exempt from regulation and thus accelerate competition from this direction.

President Renews Drive On Tax Exempts

President Roosevelt again asked Congress in his Labor Day message for "heavy taxes on everyone except persons with very low incomes" — taxes heavy enough to prevent anyone from keeping more than $25,000 of his income. He then reiterated his firm intention to have eliminated the tax exemption of interest on State and local securities. The Chief Executive's proposed income ceiling obviously calls for taxation of income derived from bonds now outstanding as well as future issues and indicates that further pressure will be exerted on a Congress which has hitherto proved recalcitrant on this matter. As was to be expected, this latest pronunciamento from Washington proved to be a wet blanket on activities in the municipal field.

State Motor Fuel Tax Collections Continue Decline Started In March

State motor fuel tax collections for June and July continued the accelerated downward trend which began in March as result of rubber and gasoline rationing, the Federation of Tax Administrators reports.

On a national basis, June and July gas tax collections were 13 and 16% under June and July, 1941, receipts, according to the Federation's figures for 40 states, including 13 rationed states.

For the 13 rationed states, June and July collections were 22 and 26% under collections for the same months last year.

Figures for March, April and May, which first reflected effects of rubber conservation and gas rationing, show declines of 2, 4 and 9% respectively for the three months. These declines were shown by figures for 43 states, including all 17 rationed states.

Receipts for the 17 rationed states for March, April and May showed decreases averaging 5, 3 and 15% below 1941 collections for the same three months.

Following are figures showing decreases in gas tax collections of 43 states, including 17 rationed states, for March, April and May, and of 40 states, including 13 rationed states, for June and July:

	March	April	May
43 states	—2	—4	— 9
17 rationed states	—5	—3	—15
		June	July
40 states		—13	—16
13 rationed states		—22	—26

States Collected 5 Billions In Taxes

The Federal Census Bureau reported recently that the 48 States collected nearly $5,000,000,000 in taxes in the fiscal year which ended June 30—an estimated 10% increase over the preceding year.

The biggest gains were 67% in corporation income taxes, 22% in tobacco taxes, 20% in unemployment insurance levies, 14.5% in individual income taxes, 13% in alcoholic beverage taxes and 11% in sales taxes.

Gasoline and other automotive taxes were about even, for the country as a whole, with the previous year. Collections of chain store taxes declined 33%, general property levies dropped 14%, death and gift taxes decreased 6%.

Individual Incomes Rise 30% In Pre-War To War Period

Individual incomes in the United States increased 30% during the years the nation was moving from pre-war to war status, information from the Federation of Tax Administrators showed Tuesday. Ten per cent of the rise occurred from 1939 to 1940, and 20% from 1940 to 1941.

Increases ranged from 20% in New Hampshire and Minnesota to 45% in Alabama.

In 12 states, largely in New England and the midwest, increases were less than 25%; in seven, scattered over the country, the rise amounted to 40% or more. The seven were Alabama, Delaware, Massachusetts, Michigan, Mississippi, North Dakota and Washington.

In six states—Illinois, Nebraska, New York, Oklahoma, South Dakota and Vermont—the total of individual incomes was less than in 1941 than in 1929. Failure of Illinois and New York to reach or top the earlier peak was the result of slow recovery in manufacturing, mine and service industries, the Federation said. Oklahoma's lower figure was due to the oil industry's failure to regain its prosperity. The other three states experienced agricultural losses which brought the income figures down.

The Federation's data for comparison, taken from U. S. Department of Commerce reports, excluded payrolls of the army abroad and salaries of navy enlistees at large. Payment figures were assigned to the state where the income was received rather than where it was produced.

Individual income payments, it was pointed out, are not the same as national income, since they do not include business savings, and social security taxes and benefits are computed differently.

Three States Show Increase In Property Tax Collections

With income from property and incomes in general on the rise, overdue property taxes are going out of style in at least three states, the Federation of Tax Administrators said last Saturday.

The states—Minnesota, Washington and Colorado—each collected more than 90% of their property taxes in 1940 and 1941, with 1941 collections showing a percentage rise over the year before. Delinquencies in Minnesota and Washington were lower in 1941 than at any time during the last 10 years; figures were not received for Colorado.

The decline in delinquency for Minnesota has been steady since 1932, when taxes were overdue on one-fifth the property in the state. Collections for 1941 showed delinquency of only 5.2%, and officials estimate 1942 collections will bring the figure down to 5%.

Colorado collected 95.98% of its property taxes due during 1941, compared with a 91.31% collection in 1940.

In Washington the 1941 record of 93.4% collected on a tax roll of $40,000,000 left only $2,600,000 of current taxes outstanding at the end of the year. Delinquent taxes collected during 1941 amounted to $3,500,000, more than one-third the total delinquencies on the books.

Toledo Seen "Debt-Free" By 1970

The City of Toledo, Ohio, can be debt free by 1970 if the present rate of debt payments is maintained, according to a survey prepared by Joseph H. Nathanson, finance director, and Rudy Klein, auditor. Outside of waterworks and school obligations, the present bonded indebtedness is approximately $22,000,000, with the payment on principal and interest of approximately $3,000,000 for next year, according to the survey. At the rate payment is being made the annual obligation will decrease, so that the 1951 installment will be $1,273,000, and that of 1952 will drop to $893,000, the officials said.

New Orleans Issue Removed

Municipal dealers, already suffering from the paucity of new financing, received another blow last week when the scheduled offering of the $12,000,000 City of New Orleans refunding obligations was cancelled. Present holders of the city's public improvement bonds accepted a voluntary proposal to trim the interest rate from 4 to 2% and obviated the necessity of selling the refunding issue.

The city has issued a call for redemption of the public improvement bonds for Sept. 15, at which time assenting security holders will receive new 2% obligations, and non-assenting holders will be paid off in cash. The present bonds mature in 1950, but they became callable on July 1.

Honolulu Offering Attracts Attention

The forthcoming sale of $500,000 City and County of Honolulu bonds, scheduled for Sept. 22, is said to be attracting interest in municipal circles. Unlike bonds of most other borrowers situated in the war zones, Honolulu bonds have been commanding a big premium. Before the Japanese attack on Pearl Harbor the 5% bonds of 1955 were quoted around 129 bid, 133 asked and shortly after Dec. 7 they moved down to 114 bid, 119 asked. But by now they have recovered virtually all of the ground lost and last week were 122 bid, 124 asked. The yield on the offering side is equal to a basis of about 2.75%.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over—short term issues excluded), which are to come up in the near future. The names of

the successful bidder and the runner-up for the last previous issue sold are also appended.

(Ed. Note—Very few municipal bond issues of major size are scheduled for award in the near future. With expenditures for local improvements held to bare necessities by the demands of war-time policies, the prospect naturally is that for some time to come the amount of new issues coming to market will be small. There should be, however, the customary pick-up in the calendar after Labor Day. It must be noted that the action of the Senate Finance Committee in approving taxation of future issues has not brought forth as yet the stream of new issues which had been expected to try to beat the deadline.)

September 11

$799,444.73 Minneapolis, Minn.

Last April the city awarded bonds to a syndicate headed by Halsey, Stuart & Co., Inc. The Northern Trust Co. of Chicago, and associates, were the runners-up in the bidding.

September 15

$525,000 Raleigh, N. C.

Last December the city awarded bonds to R. S. Dickson & Co. of Charlotte. This was a smaller block of bonds than the above offering.

September 17

$444,000 Onondaga Co., N. Y.

Although slightly under the required amount this offering is included here because of general reader interest. In January of this year the county awarded bonds to the Harris Trust & Savings Bank of Chicago. Numerous other bids were received, the second best being submitted by Halsey, Stuart & Co., Inc.

September 18

$1,140,000 Cuyahoga Co., Ohio

Last July 17, the county awarded an issue to a syndicate headed by the Ohio Co. of Columbus, whose bid topped that submitted by Blyth & Co., Inc., and associates.

September 22

$500,000 Honolulu, Hawaii

In June, 1941, the above city and county awarded an issue to Dean Witter & Co. of San Francisco. The only other bid for the bonds was submitted by the Bank of Hawaii, Honolulu.

Investment Trusts

(Continued from page 879)

"The difficult thing is to foresee a change in the trend!

"Just why this should be even the psychologists are hard put to explain. For logic points squarely in that direction. The inevitability of change is one of the fundamentals of human existence. As Justice Oliver Wendell Holmes once expressed it, 'Repose is not the destiny of man.'

"And yet it was repose—unwillingness to recognize portentous changes in the making—that has put the United Nations in the spot they're in today. That doleful slogan 'Too little and too late,' sums up the reasons not only for lost battles in the present conflict, but also for lost opportunities ever since the beginning of mankind. It's just another way of saying that to succeed in any undertaking, one must foresee and **prepare** for the changes that lie ahead.

"Things look pretty black now. Maybe they will get blacker. The stock market, with only minor interruptions, has been going down for nearly two years. Maybe it will go lower. But it is our conviction (and the conviction of our research organization) that now is the time to **prepare for a change in trend.**

"Dealers who take proper steps now will be in a position to function more effectively once it becomes apparent to everyone that the trend is up. For them there will be no lost opportunities because of preparation that was 'too little' or 'too late.'"

* * *

From Investment Company Reports

Keystone Custodian Funds:

Total net assets of the "B3" fund on July 31, 1942, were $13,105,140, equal to $14.13 per share on the 927,427 shares outstanding. This compares with total net assets of $12,084,895 at the close of the last fiscal year on Jan. 31, 1942, equal to $14.68 per share on the 823,298 shares then outstanding.

Total net assets of the "S4" Low-Priced Common Stock Fund amounted to $1,634,890 based on market values as of July 31, 1942, equivalent to $2.39 per share on the 683,078 outstanding shares; which compares with net assets of $1,734,729 on Jan. 31, 1942, equal to $2.67 per share on 650,538 shares then outstanding.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Presley W. Edwards, general partner in A. G. Edwards & Sons, St. Louis, Mo., has also become a limited partner as Trustee under Indenture of Trust, effective Aug. 21. B. F. Edwards withdrew from partnership in the firm on July 31.

Xavier M. Audibert retired from partnership in Gude, Winmill & Co., New York City, on Aug. 31, 1942.

Richard S. Perkins retired from partnership in Harris, Upham & Co., New York City, as of Aug. 31.

Paul M. Strieffler and Alfred R. Hunter withdrew as partners in Riter & Co., New York City. Mr. Hunter formerly made his headquarters in the firm's Philadelphia office.

Alfred Blumenthal retired from partnership in Wasserman & Co., New York City, on Sept. 3.

Anthony W. Morse, Exchange member, died on Aug. 29.

John N. Hopkinson, general partner in Hackney, Hopkinson & Sutphen, New York City, became a special partner, effective Aug. 20, on which date the firm ceased dealing with the public for the period during which all active office partners are in war service.

The proposal that R. Lawrence Oakley act as alternate on the floor of the Exchange for William W. Dean will be considered by the Board of Governors on Sept. 10.

Large Member Representation At NSTA Election Meeting

The Election Meeting of the National Security Traders Association held in Chicago on Aug. 28-29, in lieu of the regular annual Convention, which was called off because of the war, was attended by a large number of members from the entire country and was pronounced a complete success. The armed forces were also well represented at the Meeting as several former traders were present in uniform, among them Major Kenneth Owens of Camp Grant, who was Chairman of the N. S. T. A. Detroit Convention in 1940.

In addition to the National Committee meetings, a special Corporate Meeting was held on Aug. 28, which was addressed by Patrick B. McGinnis of Pflugfelder, Bampton & Rust, on the "Railroad Security Problem and How to Handle It." On Aug. 29 Austin J. Tobin addressed the members of the Association on "Federal Control of Municipal Financing." A very clever ten-minute talk was delivered by Francis T. Patton on the work of the Victory Fund Committee.

The election meeting was featured in Section 1 of the "Chronicle" of Thursday, Sept. 3, and included photos of the Association's new officers for 1942-1943 and of members of the Executive Council. In addition, there appeared messages of greeting from present and past officers and their pictures; a list of the Association's BOOSTERS, also the complete text of the address made by Patrick B. McGinnis, in which he discussed the status of railroad securities and stressed the favorable outlook for the obligations of reorganized carriers.

Among those attending the NSTA Election Meeting were:

Thomas Akin, Akin-Lambert Co., Los Angeles, Calif.
Henry J. Arnold, Clair S. Hall & Company, Cincinnati, Ohio.
H. Wilson Arnold, Weil & Arnold, New Orleans, La.
Wm. Atwill, Jr., Atwill & Co., Miami Beach, Fla.
Gary Barthell, Harris, Upham & Co., Chicago, Ill.
J. F. Bickmore, Boettcher & Co., Chicago, Ill.
James J. Blake, Greenebaum Inv. Co., Chicago, Ill.
R. M. Bloom, Mitchell Hutchins, Chicago, Ill.
Harold Blumenthal, Swift, Henke & Co., Chicago, Ill.
D. R. Bonniwell, Kneeland & Co., Chicago, Ill.
Edward Bourbeau, Straus Sec. Co., Chicago, Ill.
John H. Bowen, Lehman Bros., Chicago, Ill.
Wm. Perry Brown, Newman, Brown & Co., New Orleans, La.
R. Emmet Byrne, Edw. D. Jones & Co., St. Louis, Mo.
Robert A. Canon, Stone & Webster and Blodget, Inc., Chicago, Ill.
M. J. Carr, A. S. Becker & Co., Chicago, Ill.
Fred J. Casey, Doyle, O'Connor & Co., Chicago, Ill.
Thomas D. Casserly, Jr., Doyle, O'Connor & Co., Chicago, Ill.
John W. Clarke, Chicago, Ill.
T. J. Cline, Kneeland & Co., Chicago, Ill.
Fred O. Cloyes, Huff, Geyer & Hecht, Chicago, Ill.
Norman V. Cole, Ledogar-Horner Co., Cleveland, Ohio.
Harry Coleman, H. O. Peet & Co., Kansas City, Mo.
Phillip Collins, Kneeland & Co., Chicago, Ill.
W. T. Combiths, W. A. Fuller & Co., Chicago, Ill.
C. O. Condit, Brailsford & Co., Chicago, Ill.
R. V. Condon, B. J. Van Ingen & Co., Chicago, Ill.
Peter J. Conlan, Hornblower and Weeks, Chicago, Ill.
Frederick J. Cook, Clement, Curtis & Co., Chicago, Ill.
W. W. Cruttenden, Cruttenden & Co., Chicago, Ill.
P. J. Cummings, Bear Stearns & Co., Chicago, Ill.
B. J. Cunningham, Strauss Bros., Chicago, Ill.
Blaise S. D'Antoni, B. S. D'Antoni & Co., New Orleans, La.
DeWitt Davis, Welsh, Davis & Co., Chicago, Ill.
Chester E. de Willers, Schoonover, de Willers & Co., New York, N. Y.
Neil DeYoung, DeYoung, Larson & Tornga, Grand Rapids, Mich.
Russell M. Dotts, Bioren & Co., Philadelphia, Pa.
Leo J. Dovle, Doyle, O'Connor & Co., Chicago, Ill.
H. V. Duggan, Doyle, O'Connor & Co., Chicago, Ill.
John B. Dunbar, Thompson, Davis & Phipps, Chicago, Ill.
F. P. Dunne, Shillinglaw, Crowder & Co., Chicago, Ill.
Charles E. Envart, Enyart, Van Camp & Co., Chicago, Ill.
A. E. Farrell, H. M. Byllesby & Co., Chicago, Ill.
Grant A. Feldman, Piper, Jaffray & Hopwood, Minneapolis, Minn.
Ora M. Ferguson, Merrill Lynch, Pierce, Fenner & Beane, Louisville, Ky.
Chas. F. Fisher, National Quotation Bureau, Inc., Chicago, Ill.
Paul O. Frederick, Commerce Union Bank, Nashville, Tenn.
Leonard Friedman, Boettcher & Co., Chicago, Ill.
Jos. T. Fuller, Wm. A. Fuller & Co., Chicago, Ill.
W. A. Fuller, William A. Fuller & Co., Chicago, Ill.
F. D. Fusz, Jr., Fusz-Schmelzle & Co., St. Louis, Mo.
F. O. Gale, Halsey, Stuart & Co., Chicago, Ill.
Elmer J. Giesen, David A. Noyes & Co., Chicago, Ill.
Chester M. Glass, Jr., Bankamerica Co., San Francisco, Calif.
Oliver Goshia, Collin, Norton & Co., Toledo, Ohio.
Thomas Graham, Bankers Bond Co., Louisville, Ky.
Fred H. Gray, Commercial & Financial Chronicle, Chicago, Ill.
W. A. Green, Union Security Co., Chicago, Ill.
Wm. A. Grigsby, John Nuveen & Co., Chicago, Ill.
John P. Grimes, Goldman, Sachs & Co., Chicago, Ill.
Ray T. Haas, Chicago, Ill.
Clair S. Hall, Clair S. Hall & Co., Cincinnati, Ohio
Jos. F. Hammel, Doyle, O'Connor & Co., Chicago, Ill.
Jack B. Hanauer, J. B. Hanauer & Co., Newark, N. J.
Irwin R. Harris, Scherck, Richter Co., St. Louis, Mo.
Russ Hastings, H. Russell Hastings, Detroit, Mich.
Gilbert Hattier, Jr., White, Hattier & Sanford, New Orleans, La.
J. C. Hecht, Butler-Huff & Co., Los Angeles, Calif.
Larry A. Higgins, Hulburd, Warren & Chandler, Chicago, Ill.
J. E. Hitchcock, Goodbody & Co., Chicago, Ill.
Raymond Hofer, Ernst & Co., Chicago, Ill.
Thomas E. Hosty, Sincere & Company, Chicago, Ill.
John Howe, University of Chicago, Chicago, Ill.
Duke Hunter, Hunter & Co., New York, N. Y.
Wm. S. Hunter, Kneeland & Co., Chicago, Ill.
M. J. Isaacs, Straus Sec. Co., Chicago, Ill.
John W. Johnson, Daniel F. Rice & Co., Chicago, Ill.
Edward D. Jones, Edward D. Jones & Co., St. Louis, Mo.
Floyd E. Justice, Kidder, Peabody & Co., Philadelphia, Pa.
Vince Kane, Ryan-Nichols & Co., Chicago, Ill.
Hugh T. Kearns, Doyle, O'Connor & Co., Chicago, Ill.
Edward L. Kent, Kneeland & Co., Chicago, Ill.
Thomas E. King, Hixon, Stewart & King, Chicago, Ill.
Walter D. Kingston, Lamar, Kingston & Labouisse, New Orleans, La.
W. T. Kitchen, Otis & Company, Chicago, Ill.
Edward J. Knight, Wells-Dickey Company, Minneapolis, Minn.
James L. Knight, Remer, Mitchell & Reitzel, Chicago, Ill.
J. P. Lannan, Kneeland & Co., Chicago, Ill.
Thomas A. Larkin, Goodbody & Co., New York, N. Y.
Edward L. Larson, De Young, Larson & Tornga, Grand Rapids, Mich.
W. J. Lawlor, Jr., Hickey & Company, Chicago, Ill.
A. M. Leary, Barrow, Leary & Co., Shreveport, La.
Evar L. Linder, Paine, Webber, Jackson & Curtis, Chicago, Ill.
Corb Liston, Prescott & Co., Cleveland, Ohio.
Elmer G. Longwell, Brown, Schlessman & Owen Co., Denver, Colorado.
Chester A. Lucas, Stein Bros. & Boyce, Louisville, Ky.
B. F. Ludington, Watling, Lercher & Co., Detroit, Mich.
F. J. Lynch, P. E. Kline, Inc., Chicago, Ill.
Wm. E. McDonough, Paine, Webber, Jackson & Curtis, Chicago, Ill.
L. B. McElhiney, The Milwaukee Co., Milwaukee, Wis.
Patrick B. McGinnis, Pflugfelder, Bampton & Rust, New York, N. Y.
John (Mac) McGrevey, J. S. Bache & Co., Chicago, Ill.
Reginald MacArthur, Miller, Kenover & Co., Inc., Detroit, Mich.
L. J. Maebder, Gatch & Co., St. Louis, Mo.
Charles O. Main, Ballman & Main, Chicago, Ill.
R. Markwell, Straus Sec. Co., Chicago, Ill.
Jerry Marquardt, Wm. H. Fuller & Co., Chicago, Ill.
A. W. Marsland, Wood, Gundy & Co., New York, N. Y.
A. M. MacLaughlin, Vieth, Duncan & Wood, Davenport, Iowa.
Henry T. Mathews, Kneeland & Company, Chicago, Ill.
Murray C. Mathews, Cruttenden & Co., Chicago, Ill.
Frank P. Meyer, First of Michigan Corp., Detroit, Mich.
Henry P. Meyers, Goldman, Sachs & Co., Chicago, Ill.
Don G. Miehls, Blair, Bonner & Co., Chicago, Ill.
Ralph Moberly, Edw. D. Jones & Co., St. Louis, Mo.
Arch Montague, W. E. Hutton & Co., Cincinnati, Ohio.
Paul I. Moreland, Allman, Everham & Co., Detroit, Mich.
W. S. Morrison, Harris Trust & Savings Bank, Chicago, Ill.
Fred G. Morton, The Milwaukee Co., Milwaukee, Wis.
Howard E. Morton, McMaster, Hutchinson & Co., Chicago, Ill.
R. Victor Mosley, Stroud & Co., Philadelphia, Pa.
Morris M. Moss, Friedman, Brokaw, Samish, St. Louis, Mo.
Cy Murphy, Mackubin, Legg & Co., New York, N. Y.
James H. Murphy, Cruttenden & Co., Chicago, Ill.
James F. Musson, B. J. Van Ingen & Co., Inc., New York, N. Y.
Harry L. Nelson, Blyth & Co., Chicago, Ill.
Chris. J. Newpart, Merrill Lynch, Pierce, Fenner & Beane, Chicago, Ill.
Lowell Niebuhr, Lowell Niebuhr & Co., Chicago, Ill.
W. J. Noel, R. E. Crummer & Co., Chicago, Ill.
Lawrence H. Norton, Remer, Mitchell & Reitzel, Chicago, Ill.
Edwin P. O'Brien, Sincere & Co., Chicago, Ill.
W. O. Olsen, Kneeland & Co., Chicago, Ill.
John M. O'Neill, Stein Bros. & Boyce, Baltimore, Md.
E. E. Parsons, Jr., Wm. J. Mericka & Co., Cleveland, Ohio.
Francis F. Patton, Executive Chairman Victory Fund, Chicago, Ill.
Carr Payne, Cumberland Sec. Corp., Nashvile, Tenn.
Herbert Pettey, Nashville, Tenn.
Wm. Pflugfelder, Pflugfelder, Bampton & Rust, New York City.
Roger S. Phelps, Campbell, Phelps & Co., New York City.
Glenn L. Pierce, Western Union, Chicago, Ill.
B. Winthrop Pizzini, B. W. Pizzini & Co., New York, N. Y.
Robert A. Podesta, Kebbon, McCormick & Co., Chicago, Ill.
Norman J. Powers, Kneeland & Co., Chicago, Ill.
Earl W. Price, E. W. Price & Co., Kansas City, Mo.
Wm. B. Prugh, Prugh, Combest & Land, Kansas City, Mo.
Henri P. Pulver, Goodbody & Co., Chicago, Ill.
Ralph G. Randall, Mason, Moran & Co., Chicago, Ill.
Carl H. Reusch, Fox, Reusch & Co., Cincinnati, Ohio.
Robert M. Rice, R. M. Rice & Co., Minneapolis, Minn.
Henry J. Richter, Scherck, Richter & Co., St. Louis, Mo.
Geo. U. Robson, Robson, Link & Co., Miami, Fla.
J. E. Roddy, Scharff & Jones, Inc., New Orleans, La.
J. A. Rogers, Hickey & Co., Chicago, Il.
Stanley Roggenburg, Roggenburg & Co., New York, N. Y.
John K. Roney, Wm. C. Roney & Co., Detroit, Mich.
Arthur I. Rottenberg, Brailsford & Co., Chicago, Ill.
J. N. Russell, Gillis, Russell & Co., Cleveland, Ohio.
Walter F. Saunders, Dominion Sec. Corp., New York, N. Y.
Earl M. Scanlan, Earl M. Scanlan & Co., Denver, Colo.
Charles G. Scheuer, Valkquet & Co., Chicago, Ill.
C. A. Schoeneberger, Alfred O'Gara & Co., Chicago, Ill.
Paul Schroeder, Cornell, Schroeder & Co., Chicago, Ill.
Harry Sebel, Straus Sec. Co., Chicago, Ill.
Harold J. Sembach, Remer, Mitchell & Reitzel, Chicago, Ill.
Joseph W. Sener, Mackubin, Legg & Co., Baltimore, Md.
Jones B. Shannon, Miller, Kenower & Co., Detroit, Mich.
Miles Sharkey, O'Melveny-Wagenseller & Durst, Los Angeles, Calif.
L. E. Shaughnessy, Park-Shaughnessy & Co., St. Paul, Minn.
Bradford W. Shaw, Blair, Bonner & Co., Chicago, Ill.
Donald B. Sherwood, Stifel, Nicolaus & Co., Chicago, Ill.
Henry Sincere, Sincere & Co., Chicago, Ill.
Alfred D. Smith, National Quotation Bureau, Chicago, Ill.
Bertram R. Smith, Ernst & Co., New York, N. Y.
Dudley Smith, Investment Bankers Assn., Chicago, Ill.
Harold B. Smith, Sweetser & Co., New York City.
Kermit B. Sorum, Allison-Williams Co., Minneapolis, Minn.
Paul W. Spink, Faroll Bros., Chicago, Ill.
Howard E. St. John, Collin, Norton & Co., New York City.
Don Stevens, Ryan-Nichols & Co., Chicago, Ill.
Robert Strauss, Strauss Bros., New York and Chicago.
J. F. Tegeler, Dempsey-Tegeler & Co., St. Louis, Mo.
Harry Tenenbaum, Peltason, Tenenbaum, Inc., St. Louis, Mo.
Austin J. Tobin, New York, N. Y.
Edward V. Vallely, A. C. Allyn & Co., Chicago, Ill.
Benj. H. Van Keegan, Frank C. Masterson Co., New York, N. Y.
Walter E. Vieth, Vieth, Duncan & Wood, Davenport, Iowa.
R. C. Vinnedge, Halsey, Stuart & Co., Inc., Chicago, Ill.
Leonard Vogel, Glaser, Vogel & Co., St. Louis, Mo.
Thompson M. Wakeley, A. C. Allyn & Co., Chicago, Ill.
Graham Walker, National Quotation Bureau, New York, N. Y.
R. A. Walsh, Dempsey-Tegeler & Co., St. Louis, Mo.
Hallam Watts, W. L. Lyons & Co., Louisville, Ky.
Arthur I. Webster, E. W. Price & Co., Kansas City, Mo.
Edward H. Welch, Sincere & Co., Chicago, Ill.
J. Austin White, J. A. White & Co., Cincinnati, Ohio.
Buford G. Wilson, Jack M. Bass & Co., Nashville, Tenn.
L. J. Wolf, A. G. Becker & Co., Chicago, Ill.
Francis C. Woolard, Kneeland & Company, Chicago, Ill.
E. F. Wrightsman, Harvey Fisk & Sons, Inc., New York City.
Ray W. Young, Remer, Mitchell & Reitzel, Chicago, Ill.
Israel Zippin, Carl Marks & Co., Chicago, Ill.
Mark Zollar, Welsh, Davis & Co., Chicago, Ill.

Simplifying Rules On New Issues Is Urged

Simplification of regulations on new securities issues would encourage many corporations to finance "on their own," relieving government of that much of the burden, Albert H. Gordon, partner of Kidder, Peabody & Co., New York, and a member of the Industrial Securities Committee of the Investment Bankers Association of America, said on Sept. 3 in addressing the annual convention of the National Association of Securities Commissioners at St. Paul.

Acknowledging that the government must do the lion's share of the war financing, Mr. Gordon argued that everything possible should be done to facilitate corporate financing through non-government channels. In that way, he said, the machinery of the nation's capital markets could take the load from the Treasury of raising millions of dollars of what should be the business of private finance.

As one specific means of encouraging the use of the regular financial machinery, he urged that companies which had previously filed registration statements with commissions regulating the issuance of securities, and had kept them up to date, be relieved of filing another detailed registration statement upon the issuance of new securities.

Using the General Motors Corporation as an illustration, Mr. Gordon said it had made arrangements to borrow hundreds of millions of dollars on loans guarteed by the government under the "V" plan. The loans run for 5 years and cost the corporation 2½% annually, of which ½% goes to the government for its guarantee.

"If General Motors could borrow publicly," he said, "it could undoubtedly borrow for 5 years at 1½% and we are sure that it would have considered doing its financing through the public route if it were not for the long delay required for the SEC registration and the sacrifice in time and energy which would be required of its executives when they are so seriously needed for wartime operating problems.

"We cannot think of any other single specific step which would do more to revitalize corporate financing through public channels," he concluded.

Reach Agreement On Standard Report Form

Substantial agreement on a uniform form for financial reports of all investment firms has been reached after three years of effort by the National Association of Securities Commissioners and a special committee studying the problem, it was announced by James W. Treanor, Jr., director of the trading and exchange division of the Securities and Exchange Commission.

At a conference held at the Chicago regional office of the SEC, which was attended by representatives of securities dealers, state commissions and stock exchanges a tentative form was adopted which will be submitted for approval to the boards of governors of stock exchanges, the National Association of Securities Dealers, and the annual meeting of the National Association of Securities Commissioners in St. Paul. The new form would be placed in use about the first of the year.

The new form would require investment firms to prepare a single report for submission to the Exchanges, state commissions, and the SEC, which would accept copies of the annual statements when they must be filed with stock exchanges and state commissions. The Federal agency under the new plan would receive copies of financial reports directly. Under the present set up investment firms now must submit different annual statements to State Commissions and stock exchanges but none to the SEC, which, however, has access to the reports filed with stock exchanges.

A resolution for a uniform form was first introduced at the 1940 annual convention of the national association by John T. Jarecki, then Illinois State Securities Commissioner. A committee, headed by Vern G. Zeller, head of the Wisconsin Securities Commission, was then delegated to work toward the adoption of such a form.

Among those attending the conference were Mr. Zeller, Paul L. Selby, President of the National Association of Securities Commissioners; Kenneth Smith, President of the Chicago Stock Exchange; William Gould, Philadelphia, representing the National Association of Securities Dealers; Robert Baird, Milwaukee, Treasurer of the latter association; Arthur Franklin, Treasurer of the New York Stock Exchange, and William Davis of the Illinois Bankers Association.

Pa. & Del. Factory Employment Advance

Employment in Pennsylvania factories increased slightly in July to a new peak of about 1,178,000 workers and wage disbursements held near the record level of June, approximating $40,600,000 a week, according to reports to the Federal Reserve Bank of Philadelphia from 2,848 establishments. According to the bank the number employed ordinarily shows no change in the period, but the volume of wage payments usually declines about 2%. Total employee hours worked was somewhat less than in June. Increases over a year ago amounted to 5% in employment, 21% in payrolls and 12% in working time. The Reserve Bank's announcement further said:

"Activity in July was unusually well maintained in most major lines, the principal exceptions being textile and leather products. Wage payments continued to show the largest increases over 1941 in the heavy industries, where the gain was 29% as against only 6% at plants making lighter goods.

"Earnings of factory workers in this State rose to a new high average of 91 cents an hour in July, an increase of 10 cents over a year earlier. The average number of hours worked per week declined somewhat from the 12-year peak of 42½ in June. Weekly income decreased slightly to an average of $37.81, following substantial gains in earlier months, but was $5.55 larger than in July, 1941."

The bank also stated that at reporting factories in Delaware, employment and payrolls expanded 2% and 5%, respectively, from June to July. Increases in activity were especially pronounced in the food industries and in certain heavy goods lines. Gains over a year ago amounted to about 15% in employment, 45% in wage payments, and 21% in total employee hours worked.

Stock Market Looks Higher

After demonstrating impressive ability to withstand unfavorable news during the past two months, the stock market may experience within the next few weeks a definitely more optimistic attitude towards the outlook for the war. Corporation tax uncertainties are approaching an end, and there are reasons to hope that rates are near a maximum. Stock prices on the average have improved roughly 15% from the April 28th lows despite Axis successes exceeding most expectations by a good margin. A further gain of 10% or so seems to us to be a good possibility if the sentiment changes as we think likely.

As the winter months draw near, an increasing number of persons may become confident that Germany will fail to break the Russian armies in 1942. Regardless of what happens later, Germany may well need to halt and consolidate her position after such large advances. The opinion may soon become popular that the Axis powers have lost their last chance to win the war.

This optimism may be reinforced by increased bombing of Germany. In fact, we may enter a new phase of the war by the end of the year. An all-out air attack on Germany seems definitely in prospect. The planes are being built and the men trained. Some airplane experts are predicting a devastating effect that will bring Germany to her knees. Whether or not the attack will succeed in this end, with the aid of an invasion, it seems most probable that there will be a period or periods of optimism as to the outcome.

Inflation is receiving a great deal of advertising, and there seems to be considerable doubt as to the efficacy of control measures unless the increasing spending power of the lower income groups is drastically reduced through taxation or compulsory saving. It must be kept in mind that it is not enough to put a ceiling into effect on hourly wages when employment is rising as well as average hours worked, and when consumer goods are becoming scarcer. We already are noticing a marked increase in the number of investors worrying about inflation. Common stocks are one of the first things people think of as an inflation hedge, and stock markets in other countries have already reflected this tendency. Last week industrial stock averages in London registered a new high since June 1939. If war developments should be substantially less favorable than the optimistic possibilities set forth above, the threat of inflation would seem to be correspondingly increased, with a counter-balancing market effect.
—E. F. Hutton & Co.

NY Inst. Of Finance Announces Courses

Emil Schram, President of the New York Stock Exchange, has joined the Board of Advisors of the New York Institute of Finance, the successor organization to the New York Stock Exchange Institute which was discontinued as a department of the Exchange in 1941. It was announced a few weeks ago that Mr. Robert Cluett, III, Governor of the Exchange, had become associated with the Institute as Co-Director. Since severing its connection with the Exchange the Institute has broadened its curriculum to include basic business training courses for employees of all types of financial institutions. Courses in accounting, shorthand, economics and income tax practice are available.

A feature of the Fall Term program are the four-week courses designed to prepare young women for brokerage clerical positions vacated by men entering the armed services. The Institute envisages a sharp increase in the number of women workers in the financial district during the next year.

Among the new courses offered men and women who have had considerable financial experience are: "The Appraisal Method of Security Analysis" to be taught by Benjamin Graham, well-known Wall Street analyst and co-author of "Security Analysis," by Graham & Dodd; "Current Economic Problems Affecting Investment Management" to be taught by Louis H. Whitehead, member of the firm of Whitehead and Fischer; "Corporate Normal and Excess Profits Taxes," designed for experienced tax men and women, to be taught by Dr. J. Stanley Halperin, Tax Attorney, and "Public Speaking for the Salesman" to be taught by Dr. William J. Reilly, Director of the National Institute for Straight Thinking and author of several books on the subject.

"Current Economic Problems Affecting Investment Management," which will be conducted by Louis H. Whitehead of Whitehead & Fischer, is a course designed for the benefit of all persons engaged in the securities business who advise individuals with respect to their investments. Methods of forecasting the trends of business activity and security prices are considered. A portion of every session is devoted to a discussion of current happenings and their bearing on each of the various classes of securities. The course of developments during the progress of the term will have a great bearing in determining the emphasis to be placed on various phases of the subject. Special attention will be devoted to "Inflation" and an analysis of the "American Economy in War-Time." Among the other topics to be considered are: "Taxation and War Financing," "Tax-Sheltered Investments," "Misconceptions Concerning the Attributes of Common Stocks as a Hedge Against Inflation." "Tariffs and International Trade," and "Present Indications of Post-War Trends."

Mr. Whitehead also conducts a course in Business Economics.

Patrick B. McGinnis, Railroad Analyst of Pflugfelder, Bampton & Rust, the best-known Wall Street specialist in Reorganization Rails, will resume his course on this subject as soon as the Supreme Court decision in the Chicago, Milwaukee, St. Paul and Pacific case has been announced. One-hundred and twenty-five experienced market analysts attended this course last term. Many had to be turned away due to lack of space. The course in "Receivership Rails" is intended as a practical shortcut for those interested in the new securities resulting from railroad reorganizations, rather than a detailed study of the railroad industry as such. An attempt is made to outline a method of determining the values of the various new securities in relation to their past, present and prospective values when the roads are returned to private management.

The Institute's course in "Public Utility Break-Up Values" will be taught by Owen Ely, Statistician, Hirsch, Lilienthal & Co., and Financial Editor of the "Public Utilities Fortnightly." This course provides a medium through which practicing security analysts and market students, whose time for individual research is limited, can participate in the study of the current status of the large public utility holding companies and their subsidiaries. A different holding company system is studied each week and an attempt is made to outline a method of evaluating the securities of companies faced with compliance with the Public Utility Holding Company Act. The first part of each session will be devoted to a discussion of current news affecting the utilities.

All of the courses of the New York Institute of Finance are given in the late afternoon and early evening and are open to the public. Most of the students and all of the instructors are actively engaged in business during the day. Registration for the Fall Term extends from September 1 to 17, with classes commencing September 21.

New Margin Acct. Rule Given NYSE Members

Attention to a new method devised for carrying miscellaneous accounts under Regulation T was called to members and member firms of the New York Stock Exchange under date of Aug. 25 by the Department of Member Firms of the Exchange, in which it was noted that "the purpose of the new procedure is to effect operating economies in connection with the carrying of general and special miscellaneous accounts for customers." In explanation the notice says:

"Recently a member firm devised a simplified recording method which the firm believed it could employ to advantage where a customer has a general account and also a special miscellaneous account used solely for the purpose of holding funds released by liquidating transactions in the general account and funds deposited and available as margin on future transactions. The suggested method, which was discussed in detail by the Exchange with respresentatives of the Securities and Exchange Commission and the Board of Governors of the Federal Reserve System, appears to meet the requirements of Regulation T and the firm has been permitted to adopt the new method. In view of this situation, the Exchange believes that other member firms carrying margin accounts for customers may be interested in adopting the new method and therefore wishes to take this opportunity to explain it in detail.

"The purpose of the new procedure is to effect operating economies in connection with the carrying of general and special miscellaneous accounts for customers. Heretofore, a customer's general account and his special miscellaneous account were required to be maintained as separate ledger accounts, each confined to the transactions and positions provided for in Sections 3 and 4 (f) (6), respectively, of Regulation T. Under the new plan a single ledger account is used for the purpose of recording all such transactions and positions without regard to whether they are for the general account or the special miscellaneous account, and a single margin card is used to show the status of the combined accounts. However, where the new plan is adopted a new record of a permanent nature is required to be prepared in a certain prescribed form and to be maintained for the same period as that applicable to ledger sheets. This record must be kept on a trade date basis and probably will be maintained in the Margin Department in most cases.

"It is important to note that where the new method is adopted with respect to a particular customer, the special miscellaneous account may not be used to hold that customer's securities whether deposited to meet a Regulation T margin requirement or otherwise. Where a customer deposits securities not required for Regulation T margin purposes, it is necessary, under the new method, to record their receipt directly in the general account. The maximum loan value of the securities under Regulation T as of the date of receipt may then be transferred to the special miscellaneous account by means of appropriate entries in the memorandum record kept for the purpose of meeting the requirement of Section 4 (a) of Regulation T that 'An accurate record shall be maintained showing for each such account the full details of all transactions in the account.' Careful consideration should be given to this point before deciding to adopt the new method.

"Where the simplified method is used, statements sent to customers affected thereby must bear the following legend:

'This is a combined statement of your general account and of a special miscellaneous account maintained for you under Section 4 (f) (6) of Regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the separate account as required by Regulation T is available for your inspection upon request.'

The ledger account should also bear the legend:

'General and special miscellaneous accounts combined.'

"Inquiries relative to this matter should be directed to the Department of Member Firms, Room 801, 11 Wall Street."

Mortgage Recordings Up

An increase of 3% in the volume of home mortgage financing in July over June brought the total volume of recordings for the month up to $353,500,000, the Federal Home Loan Bank Administration reported on Sept. 5.

This is the first time since April that a month-to-month rise has been observed in this series, according to Bank Administration economists. Cumulative mortgage recordings of less than $20,000 during the January-July period amounted to $2,359,000,000, or 11% less than in the same months of 1941.

"It appears that a respite, perhaps temporary in nature, has occurred from the sharp drops in total recordings noted earlier in the year," said the report. "May, June, and July each showed a practically uniform decline of 20% from 1941 figures."

Savings and loan associations, as usual, led all types of lenders in both number and amount of mortgages recorded—34.4% of the number and 32.2% of the total dollar volume. Savings and loan associations and mutual savings banks, however, both showed a decrease in home-financing volume from June to July. Commercial banks registered an 8% rise and life insurance companies 7%, while the changes for individuals and miscellaneous institutions approximated the national gain of 3%.

For the first seven months of 1942, each class of lender revealed a curtailment in comparison with last year, although considerable variations in magnitude were noted. Declines for commercial banks, savings and loan associations, and mutual savings banks were between 15% and 18%, while the remaining lending groups indicated reductions ranging from less than 1% to 3%.

UP-TOWN AFTER 3

THE MOVIES

That "gorgeous hunk of man," Victor Mature, comes through in **"Footlight Serenade"** with a bang-up performance in a part made to order for him. As a boxing champ with the qualities of a Tommy Loughran and a Slapsie Maxie, he is loved by the ladies. A Broadway producer sees in him the answer to his box office prayers and makes him a star in a musical comedy. Mature, who also likes the ladies, finds show business very interesting. For not only does it give him a chance to offer parts to his feminine companions but also gives his ego plenty of room to expand in. Comes a cropper, however, against chorine Betty Grable, who has eyes only for her big moment, John Payne, also in the cast as Mature's sparring partner. Story is good. Acting excellent and music catchy—(20th Century-Fox). . . . **"Across The Pacific"** gives one of Hollywood's best directors, John Huston, another chance to show his job in "Maltese Falcon," was not a flash in the pan. Humphrey Bogart, rough, tough ex-Army officer, runs into two very interesting people on board a ship bound for the Panama Canal. The first is Miss Mary Astor, who keeps Bogart's male interest at fever heat; the second is Sydney Greenstreet, the mysterious fat man who makes a deal with Bogart for vital military secrets. As a spine-tingling spy melodrama, **"Across The Pacific"** is top drawer stuff. Its portrayal of Jap espionage and American counter-espionage is as realistic as it's exciting—(Warner Bros.). . . . **"The Talk Of The Town"** brings together Jean Arthur, Cary Grant and Ronald Coleman in one of those brilliant comedies which will keep you amused from the first reel until the final fadeout. It's a sort of modern Mr. Deeds Comes To Town. For while its subjects, arson, murder and sabotage in a small New England mill town, seem strange fodder for comedy material, the sparkling dialogues by Irwin Shaw and Sidney Buchman make it grand laugh material. Grant, whom the local powers look on as a rabble rouser, is arrested for arson. He escapes and hides in Jean Arthur's house which has just been rented to Ronald Coleman, an eminent law school dean and candidate for Supreme Court appointment. How Miss Arthur and Cary Grant overcome his scruples and get Coleman into their corner is the crux of the story—(Columbia). . . . **"The World At War"** is the U. S. Government's first attempt at documentary pictures, and by far the best American film of its sort yet to be released. It is no soft speaking movie afraid to place blame or careful of whose toes it steps on. It traces the rise of Fascism from the Jap Manchurian invasion in 1931 until the attack on Pearl Harbor on Dec. 7, 1941. The foreword says: "The editors are Americans, and therefore partisan, but every effort has been made to let the facts speak for themselves." They do. Step by step it traces the pattern of Fascist aggression from the China "incident"; the Ethiopian invasion; the farce of sanctions; Hitler's march into Austria; the Spanish rebellion and the mockery of non-intervention. Then Munich, Czecho-Slovakia, the Munich pact signed by Hitler, Chamberlain, Mussolini and Daladier. Then Albania, followed by Poland, Holland, Belgium and France. It's an appalling film, spellbinding in its realism of events as they happened. A good deal of the film was taken from Axis movies confiscated here; newsreels taken by Nazi sources, Italian and Jap sources of scenes on the spot. Aside from its considerable interest as just a film it actually traces history in the making, and ties up events of the past ten years with the war we are in today. You owe it to yourself to see it.

ABOUT THE TOWN

Besides Harold Willard, who describes in clinging baritone the longings of a man for a maid, Miss Odette Athos, who does the same thing in contralto but from a feminine angle, and Paul Taubman, who does the piano accompaniment for these gusty sighs from anguished hearts, the **Penthouse Club** has still more talent, but this time aimed at the bar flies. The new addition is a Latin gentleman by the name of Chico who, to the casual eye, is the bartender. But bartender or not, Chico has a soul filled with music and at the slightest provocation, provocateur in this case being Caridad Garcia, who sings longingly of old Mehico, Chico bursts out. Unfortunately Chico cannot be heard over the "two Scotch and soda's—one Tom Collins—make it weak — one scotch and water, no ice" — so to satisfy his musical urge he lets fly with the maraccas. The result is startling, to say the least. Gentlemen solemnly contemplating the lines of their palms, as pointed out by Frances Thomas, awaken from their reveries like old fire horses. . . . "Tell that guy to stop making that noise and send over another drink of whateryahavin." . . . If you'd like to see Army and Navy brass hats and a smattering of dollar-a-year men smacking their lips while casting approving eyes at the scenery drop in at New York's Number One restaurant—**The Colony** (E. 61st). Since Messrs. Cavallero and Florentino have put a tent under the ceiling of the staid ante room you have to almost get a letter from FDR to get a reservation here. Of course there's no entertainment here. But if you've wondered if Army and Navy bigwigs, big business moguls and social leaders eat with the left or right hand, the **Colony** is the place to find out.

"Revelers" Announce Cancellation Of Outing

"The Revelers" announce that their annual outing will not be held this Fall. This decision was reached by the Outing Committee after giving consideration to the present emergency and its demands on members of the association, many of whom are now serving in the armed forces.

Chosen Beauty Queen

Miss Marjorie Lohrman was chosen Miss Schroon Lake 1942 at the eighth annual regatta at Schroon Lake. Miss Lohrman is the daughter of William E. Lohrman, Wm. E. Lohrman Co., 76 Beaver Street, New York City brokerage firm.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 877)

rection of the move in the next few days will give you the immediate trend.

* * *

Meanwhile all the stocks held on recommendations by you should have the yardstick of "stop" and "half profits" applied. Up to this writing all the stocks area bove their critical prices and under the profit-taking levels. Until either levels are seen last week's advice applies.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Rules On Hawaii Safe Deposit Boxes

The Federal Reserve Bank of New York under date of Aug. 25 called attention to the text of Regulations Relating to Safe Deposit Boxes issued by the Governor of Hawaii and at the same time made available a press release issued in connection with such regulations.

The press release notes that measures were taken recently to insure that currency and securities will be removed from all safe deposit boxes within the territory of Hawaii, the action being instituted by the issuance of the regulations relating to safe deposit boxes, by Governor J. B. Poindexter. From the press release, contained in the circular issued by Allan Sproul, President of the Reserve Bank, we also quote as follows:

"Under the regulations, every person renting a safe deposit box at a local bank or trust company must open it before Oct. 1 in the presence of an official designated by the United States Treasury or, at the option of the renter of the box in the presence of a representative of the bank or trust company renting the box. These persons will then satisfy themselves that no currency or securities are contained in the box in violation of the regulations relating to currency or the regulations relating to securities. Persons having currency or securities in such boxes in violation of the regulation will be obliged to deposit the currency with a bank. Securities must be perforated with the official symbol 'H' and placed in a custody account or shipped out of the territory.

"This is one more important step in preparing the territory economically to resist any invasion attempt. As long as war is being waged in the Pacific, it is the view of military and other qualified authorities that there exists the constant threat of attack on Hawaii. Every military measure is being taken to repel any force that may appear off these shores; the security of the territory and the private citizen will be further protected if there is nothing here which may fall in the hands of an invader to be used by him against us.

"The first step in the economic protection of the territory against invasion was taken by the United States Treasury in cooperation with other Federal and territorial agencies with the introduction of a special issue of currency for use only in Hawaii. Hawaiian series currency is now also in circulation on Midway, Johnston and Palmyra Islands. (See "Chronicle" of July 23, page 274.—Ed.)

"The second aspect of the Hawaiian program was the perforation of practically all securities in the territory with the official symbol 'H.' This enables the ready identification of securities now here, so that, if such securities should fall into enemy hands, the theft could be readily established and suitable measures taken."

More Dealer Views Regarding Bid & Asked Rule

(Continued from page 875)

tion, etc. Never has any issue of bonds not paid our accounts (even suggested those which were not paying and later paid); yields ranged from high-grades to most speculative, a record, we think. Also, we service accounts not only before, at the time and after trades as most dealers do, but we argue amongst ourselves in office for the benefit of accounts when rendering service and opinions. Now, then, with all this should I not be entitled to special consideration? It means that percentage of profit is a hard thing to figure out, but if approached by the authorities in a cooperative spirit in the manner I have suggested, I feel confident that we will all try hard to work it out. I have had no ill-words with the SEC-NASD. As a matter of fact, our relationship has been extremely cordial. However, I don't like to be constantly subject to nervousness as to what some person will consider fair or unfair. I would like to run my business knowing my limitations. If the profit limitations are not what I sincerely consider fair, then I can cut down on my type of service, which I would be reluctant to do. But if we are allowed a certain percentage of profit, plus more by agreement, it would remedy most of the unfavorable conditions which the SEC believes now exist. I write all this because I am afraid that this ticklish situation (Rule X 15-C 1-10) is going to be shoved down our throats in a tantamount to commission basis and customers to know basis, which will hurt all concerned. Or else it will be by way of arbitrary decisions which I abhor as unfair. An example: is it fair to ask my type dealer to make less than a syndicate issue, which does not take down stock into position but only on sale, and can make up to 40% profit in some cases, as I have noted. I do as much work on my own accounts. Sure, I don't tell the accounts of profits involved like the syndicates do, but they print a big folder which no one really reads. Does the SEC want me to sit up nights to get oversmart as to how I can do likewise with accounts. I don't want to and won't, but the Commission can't blame those who act in that manner if they feel they are being arbitrarily abused. Let's all try to pull together.

I don't want my name mentioned, not for reason that I fear reprisals, for I fear no man nor group of men, as I have shown the NASD in my rebuttal arguments. But I don't think it is right to subject myself to a flow of pro and con letters as I have no time for dispute with the world. Good luck to all and cooperation is all I suggest, with no hammers over heads nor hands behind backs while shaking.

DEALER NO. 28

In his recent letter to us Reginald E. Graham of New Haven, Conn., included the following comment with reference to the SEC bid and asked rule:

As to the "bid and asked" rule now under consideration, it occurs to me that this is a hell of a time to question the honesty and integrity of the industry that was mainly responsible for the financing and promotion that has built the industrial strength of the country to its present status. As near as I can figure out there would not be any Stock Exchange if it had not been for the work done by investment dealers and promoters in the past. Under present conditions it has its place, but I for one do not believe that stock exchange firms that do not actively work in the over-the-counter field should be allowed membership in the NASD. There are many cases where all the work has been done by a dealer and the customer has bought the security through a stock exchange firm on a commission basis. It seems to me that the SEC would do well to look over some of the hundreds of issues that are listed and do not sell for weeks at a time and then at price changes as high as 50% and over and a spread in the bid and asked that looks like the year's high and low prices. If the SEC thinks we need more regulating why don't they put up fences (profit limitations) and then punish those who jump over and not interfere with the relationship with our customers. It seems to me that they are not giving consideration to the questions of distribution, sales resistance, time element and cost of securing quotations and the fact that a customer making a purchase is not apt to take into consideration the number of calls a salesman makes before he makes a sale when he considers the profit on a transaction.

REGINALD E. GRAHAM

DEALER NO. 29

B. S. Lichtenstein of B. S. Lichtenstein Co., New York City, writes the "Chronicle" as follows:

We would like very much to have someone explain to us the reason for the SEC suggesting Rule X 15-C 1-10. The SEC seems to be policing the business without this rule and with great effectiveness.

We would refer you to page 713 of today's issue of the "Chronicle" in which you discuss the affairs of Guaranty Underwriters, Inc., of Jacksonville, Fla. The SEC has cited this concern for a hearing "to determine whether the registration of the corporation as a broker-dealer should be revoked." This action is taken because it is charged that the concern sold "various securities at prices far in excess of the prices which the registrant paid for such securities, and far in excess of the prevailing market prices therefor."

In view of the SEC's activity it would seem that the new proposed rule is entirely unnecessary.

B. S. LICHTENSTEIN

Bars Use of Crude Rubber For Protective Clothing

Specifications eliminating use of crude rubber or latex in the manufacture of rubberized fabric for protective clothing were issued by the Director General for Operations of the War Production Board on Sept. 1. Crude rubber, however, may be used in cements or tapes necessary for seaming purposes.

The new specifications apply to war orders and orders placed by any agency of the United States Government, as well as to civilian orders.

The restrictions do not apply to:

1. Rubber life saving suits designed for use by seamen.
2. Aviation waders, self-inflating life preservers, dual tube belts and ponchos when required to fill war orders.
3. Commercial diving equipment.
4. Rain coats and parkas scheduled for delivery to or for the account of the United States Navy at any time prior to Oct. 1, under delivery schedules or purchase orders in existence on Aug. 1.

Our Reporter's Report

(Continued from First Page)

nancing embraces $6,000,000 of new serial notes, $6,000,000 of new 6½% preferred stock and 185,000 shares of new common.

The latter will be offered direct to stockholders in Community Power & Light Company and General Public Utilities Inc., which are the units involved in the consolidation.

San Antonio Issue Moving

Reports indicate that the $33,950,000 City of San Antonio Electric and Gas revenue bonds, carrying 2½, 2¾ and 3% coupons, and due serially Aug. 1, 1944 to 1972, are moving out satisfactorily.

These bonds, which are backed by properties of former San Antonio Public Service Company which are to be purchased with the funds derived from the sale of the securities.

Issued as special obligations of the city, the bonds and interest theron are payable from revenues derived from the operation of the electric and gas system operated by the municipality.

Handled by bankers, chiefly through their municipal facilities, the bonds are reported to be moving along in good style to investors.

Secondary Rails Active

Secondary railroad bonds continue to pace the general listed corporate market with traders quite evidently seeking out special situations.

The creeping advance in that quarter of the list has been persistent now for the better part of a month subject, of course, to sporadic profit-taking.

While it is impossible to definitely pin down such buying observers are satisfied that some railroads are picking up small quantities of selected liens for their own accounts in anticipation of new legislation which would ease the tax burden now incumbent on retirement of such issues by purchases in the open market.

Treasury Data Due

It is now expected that the Treasury Department will announce details of its projected $3,000,000,000 undertaking by the end of the week.

In keeping with precedent established in connection with previous large undertakings in its war financing program, Secretary Morgenthau and his aids have conferred with Reserve officials and banking and investment groups.

The coupon rate which such issues will carry is no longer a serious consideration, due to the close grip which the Government maintains over interests costs.

Currently the major problem is to properly gauge the temper of the market to assure that the new issues will fit substantially into the portfolios of banks, insurance companies and other large scale investment organizations.

Special Offerings Mount

Passing of the summer-end holiday provided a fillip to the "special offering" market which had been comparatively dull for a fortnight.

With the holiday out of the way, banking groups took hold of the job in determined style and succeeded in marketing a series of issues of sizeable proportions.

One group worked off 20,000 shares of Woolworth & Company at 28 with a 50-cent special commission, while another disposed of 12,800 shares of Allis-Chalmers at 23½ with a similar commission.

Another block of 100,000 shares of Parke, Davis & Co., slated for similar offering, was seen assured of quick absorption.

Few NASD Members Required Disciplining

ST. PAUL, MINN. — The National Association of Securities Dealers, Inc., self-regulating instrument of over-the-counter securities dealers, examined finances and business practices of 2,500 members during the last 18 months and had to discipline but 6% of the membership, Wallace H. Fulton, NASD Executive Director told delegates to the 25th annual convention of the National Association of Securities Commissioners here today. The latter organization is made up of State Securities Commissioners. Mr. Fulton said that in only 2% of the cases against members were findings of Business Conduct Committees sufficiently serious to warrant severe disciplinary action in the form of expulsion from the Association.

The speaker revealed that the securities business has contributed more than $1,000,00 to its own efforts to regulate its affairs through NASD. Mr. Fulton said that no searching review of so many securities dealers as that conducted by NASD had ever before been undertaken.

Of the 2,500 examinations thus far completed, he said that 167 resulted in complaints being filed for violations of NASD rules of fair practice, one of which requires that the member charge prices that are fair in view of all relevant circumstances. Fifty-two of the complaints resulted in expulsion of the member involved, 59 brought fines ranging up to $2,000 and in 14 instances members were suspended from the Association for periods as long as a year.

"The facts of our enforcement work and the figures I have recited on the amount the industry has invested in making NASD effective, pay testimony to the fact that the securities business is not just giving lip service to the idea of self-regulation," Mr. Fulton said. "Those who have sponsored and supported the idea have invested liberally of their time and money to give it its life blood, to keep it alive and to strengthen it in its every fiber. Admittedly, there are certain elements, even among our own membership, who would not mourn the demise of the NASD; there are others who would prefer not to acknowledge that the idea behind NASD has proven itself; however, those who by direct or indirect action, would undermine this idea, will, if they have not already done so, find that the Association is a powerful force for the good of the business, our government and the public investor. It has established itself securely in its unique field of service to all these interests."

He denied that the answer to some of the problems of regulating the vast over-the-counter business was to be found in the simple method of passing rules designed to destroy those who engage in improper practices. It would be possible, in this way, Mr. Fulton said, to destroy the business itself.

"It is not necessary that everyone engaged in the business be harassed and burdened with cumbersome restrictions in order that a few who abuse their trust be brought to justice," Mr. Fulton declared.

"We sincerely believe, and our experience of the last three years has fortified us in that belief, that the standards of the business can be placed on a high professional level without imposing upon the business severely restrictive rules and regulations which would undermine its capacity to serve the investor and our government, which in these critical times, has found our investment and securities organization a vital force in financing the war effort."

Fleek Lauds Security Business Regulators

The myth that the policeman and the policed must always quarrel was exploded on Sept. 2 when John S. Fleek, President of the Investment Bankers Association of America, appearing on the program of the annual convention of the National Association of Securities Commissioners in St. Paul, gave the regulators of the securities business credit for "taking a positive course of action to make compliance with regulations less burdensome."

In his audience, in addition to the State officials who enforce the "blue sky" laws of the States, were representatives of the Federal regulatory body, the Securities and Exchange Commission of Philadelphia, and Mr. Fleek included them in his commendations.

He said that Federal and State authorities, working jointly, had given the investment bankers of the country "a definite manifestation of a helpful attitude of promoting the legitimate securities business while protecting it as well as the investing public from the crooks who constantly try to attach themselves to our fringes."

One specific "cooperative action" to which Mr. Fleek referred, involved a uniform financial statement form which is to be officially considered at this annual meeting of the Commissioners. There would be extremely worthwhile savings to dealers operating under the laws of several States if a standard form could be agreed upon, he said. To illustrate, he explained that if a dealer wanted now to operate throughout the country, he might have to have his accounting firm draw up and certify each year as many as 25 different financial statements which would contain essentially identical information but arranged according to the special directions of as many regulatory bodies and required on as many different dates.

Adoption of the uniform form to eliminate this wasteful duplication of effort and expense would be the second step in simplifying compliance with regulations that has reached acceptance stage during the last year and it resulted directly from the development of a cooperative attitude among the State Commissioners, the Federal regulatory body and the securities industry, Mr. Fleek said. The earlier result of cooperation he referred to was the development of a uniform form for registering new securities issues under State laws. This standard registration form, also sponsored by the National Association of Securities Commissioners, through a committee chairmaned by Vern G. Zeller, the Wisconsin Commissioner, has so far been adopted by 13 States within the last year.

Chicago Home Borrowings Show Drop In Six Months

The borrowing of $180,970,000 on security of residential property by 54,891 Illinois and Wisconsin families the first half of 1942 reflected the influences of war to the extent that 12.31% less was borrowed than in the same period of the year before, according to A. R. Gardner, President of the Federal Home Loan Bank of Chicago. The dollar volume, however, was still about $30,000,000 more than two years ago. Statistics are based on mortgages for $20,000 or less, by all types of lenders, including individuals as well as savings, building and loan institutions, banks, mortgage and insurance companies and others.

Mr. Gardner, in the advices made available Aug. 29, said that the decrease of $34 in the average size of home mortgage loans this year compared with last, witnesses to the intensified activity both in building and in buying of lower cost dwelling units. This emphasis, he believes, has offset the tendency for both real estate prices and for home building costs to rise above last year's. It is also stated that in Illinois 33.44% of all the home mortgage money was borrowed from savings, building and loan associations which continued to be the largest single source of financing the first six months of 1942. In Wisconsin, this group of institutions accounted for 31.53% of all borrowings. In June, Mr. Gardner said, dependence on these associations for home-owner funds in both States of the district was the second heaviest for any month in 1942.

Must Protect Against Rent Control Evasion

Freedom of action in the sale of homes covered by Federal rent control is threatened by cases reported to have occurred where such property has been sold under circumstances that indicate that the sale may have been for the purpose of evading rent control, it was pointed out on Aug. 22 by the National Association of Real Estate Boards in a statement renewing the pledge of the realtors of the country to cooperate in securing fair and equitable administration of the rent control law as part of the anti-inflation program. The Association emphasizes at the same time that in any measures taken to prevent evasion of the law we must keep absolutely free the right of an owner to sell his property, and the right of American citizens to buy and own their homes. From the Association's announcement we also quote:

"OPA officials have asked the NAREB to meet with them immediately as consultants on evolving a proposal for meeting situations that may be attempts to circumvent rent control. They emphasize their desire to develop a solution that will not interfere in any way with the legitimate sale of residential property. They assure the Association that a recent news report, published in some of the most important newspapers of the country to the effect that OPA is planning to require a down payment of at least 30% for the purchase of any rented home in a defense-rental area, is entirely without foundation, and that no definite formula as to a stipulated down payment or as to a maximum monthly payment has as yet been worked out.

"Any such requirement would of course conflict with the 10% down payment plan which is an integral part of the FHA mortgage insurance procedure, the Association points out."

Inflation Crisis Near Says First Natl. Bank of Boston

"Since the war began, in September 1939, the cost of living in this country has advanced by about 16% but we are now entering the critical stage in the inflation development, the First National Bank of Boston says in its current "New England Letter." "Unemployment is rapidly disappearing and there is a growing shortage of skilled labor," the bank states, continuing: "Government expenditures are being stepped up to $77,000,000,000 annually for this fiscal year. Consumer instalment debt is being repaid at the rate of $300,000,000 a month but it is expected that the bulk of these obligations will be liquidated by next summer. Purchasing power is exceeding consumers goods available. The inflation gap for this year is estimated at around $25,000,000,000, with the consequent terrific upward pressure on prices.

"Many warnings have been issued by Government officials and other authorities about the dangers of inflation but we have not yet come to grips with the problem. Certain constructive steps have been taken in line with the President's anti-inflation program: such as, price ceilings on most commodities; restrictions on consumer credit; the imposition of heavy taxes, particularly on corporation and personal incomes in the middle and upper brackets; sales of bonds to the public on a fairly substantial scale, and the rationing of essential commodities, of which there are shortages.

"There are two points in the President's program, however, that are not being made effective: stabilization of wage payments and of farm prices. These items not only do not come under the provisions of the Price Control Act but determined efforts have been made to increase further the income of farmers and wage earners, despite the fact that they have been the chief beneficiaries of the war boom. Since the beginning of the war, hourly earnings of factory workers have increased by 27% and weekly earnings by 45%, while the cost of living during this period has advanced by only 16%. Farm prices are 70% above the August 1939 average, while the Department of Agriculture estimates that farm cash income for this year will be in the neighborhood of $15,000,000,000, or about one-third above last year, and the highest on record. In contrast, those whose incomes have remained fixed have had a slash in purchasing power of 16% since the war began.

"Particularly in time of war there should be no favoritism in governmental policy toward wage payment. Such discrimination stirs up discontent at a time when unity is highly essential. On the other hand, to increase the income of the 56,000,000 persons employed in civilian and in military service, in keeping with the rise in living costs, would be as futile as it is dangerous, since wage payment in its many ramifications constitutes anywhere from 85% to 90% of the total cost of goods. The net result would be a powerful stimulus to prices which, in turn, would automatically increase wages and so on. This process would develop into a vicious circle that might defy correction.

"Since farm prices and wage payments constitute such important elements, each time they advance they carry the cost of living with them. The consequence is that while the money income of these two groups grows larger, each dollar buys less. An upward spiral is generated which, in the long run, would provide a mirage of merely illusionary gains. But the mischief does not end there. We would build up a high and fragile price structure."

Proposes To Rehabilitate Spanish Cultural Life

A broad plan for the Americas to help Spain rehabilitate her cultural life and to encourage tourist travel to that country was recently proposed by President Roosevelt, who said the program was predicated on the assumption that Spain remained neutral in the present conflict.

The President said that he had received a report from Carlton J. H. Hayes, U. S. Ambassador to Spain, revealing that some Spanish art treasures, literature and historic buildings had been damaged by the civil war. The plan for repair would be purely voluntary and financed by gifts from individuals and foundations. Mr. Roosevelt added that the Spanish Government also had expressed to Ambassador Hayes an interest in obtaining more visitors from the Americas.

The plan is now being explained to several Latin American countries by Nelson A. Rockefeller, Coordinator of Inter-American Affairs.

Calendar of New Security Flotations

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

THURSDAY, SEPT. 10

PARK AVENUE & 91ST STREET, INC.

Park Avenue & 91st Street, Inc., through trustees has filed a registration statement with the SEC for voting trust certificates for 5,475 shares of capital stock, $1 par value

Address—Address of trustees 18 East 48th Street, New York City

Business—Apartment building

Offering—Registration is in connection with the extension of a voting trust agreement from Sept. 30, 1942, to Sept. 30, 1947. The voting trustees have consented to act under the voting trust agreement, as amended, after Sept. 30, 1942, the present termination date

Registration Statement No. 2-5038. Form F-1. (8-22-42)

MONDAY, SEPT. 14

MASSACHUSETTS INVESTORS TRUST

Massachusetts Investors Trust has filed a registration statement with the SEC for 1,160,706 shares of beneficial interest with aggregate amount of proposed cash offering of $18,896,294

Address—19 Congress Street, Boston, Mass.

Business—Investment trust

Underwriting—Massachusetts Distributors, Inc., is named principal underwriter

Offering—Shares offered to the general public under this registration statement will be offered at net asset value plus 7% of the offering price. In a transaction involving $100,000 or more, the offering price will be net asset value plus 4% of such offering price

Proceeds—For investment

Registration Statement No. 2-5040. Form A-1. (8-26-42)

WEDNESDAY, SEPT. 16

STILLWELL WORSTED MILLS, INC.

Stillwell Worsted Mills, Inc., a newly organized company, has filed a registration statement with the SEC covering 30,000 shares of preferred stock, $10 par value; 30,000 shares producers common stock, $10 par value and 60,000 shares of common stock, $10 par value

Address—East Avenue, Harrisville, Rhode Island

Business—Plans to engage in business of worsted yarn and cloth manufacture, including dyeing and finishing

Offering—The 30,000 shares of producers common and the 60,000 shares of common stock are to be offered for sale at $10 a share. The 60,000 shares of common will be offered to a group of approximately 30 executives and key employees of the old Stillwell Worsted Mills and the 30,000 shares of producers common stock to other persons than above now employed by Stillwell Worsted Mills and its subsidiaries. Stillwell Worsted Mills, Inc., the new company will acquire properties of Stillwell Worsted Mills, the old company, located in Rhode Island, Virginia and Connecticut and certain stocks of finished cloth located in New York and Illinois. The statement says the new company does not intend to engage in the business of top manufacture in which the old company has engaged and intends to continue to engage.

The new company also plans to issue and have outstanding $2,910,000 of first mortgage serial bonds, maturing from 1944 to 1967, which will carry an interest rate varying from 2 to 5%

The statement says that the new company has no present intention of issuing the preferred shares, planning to hold them for ultimate conversion of the producers common shares.

Registration Statement No. 2-5041. Form A-1 (8-28-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

BOND INVESTMENT TRUST OF AMERICA

Bond Investment Trust of America has filed a registration statement with the SEC for 41,544 units of beneficial interest. Total includes 1,544 units of beneficial interest now issued and outstanding to the extent that the same may be repurchased and thereafter reoffered, together with 40,000 units authorized but not heretofore issued

Address—49 Federal Street, Boston, Mass.

Business—Investment trust

Underwriting—Whiting, Weeks & Stubbs, Inc., Boston, principal underwriter

Offering — At market with aggregate amount of proposed cash offering totaling $4,097,900, with certain discounts allowed on large single transactions

Proceeds—For investment.

Registration Statement No. 2-5037. Form A-1. (8-21-42)

CALIFORNIA UNION INSURANCE CO.

California Union Insurance Co. filed a registration statement with the SEC for 29,659 shares common stock, $10 par value

Address—San Francisco, Calif.

Business—Engaged in the underwriting of fire, automobile and other forms of insurance

Underwriting—Paul H. Watson is named principal underwriter; Don B. Wentworth may be an underwriter

Offering—The common stock registered will be offered to the public at a price of $22 per share

Proceeds will be used for additions to capital and surplus

Registration Statement No. 2-4992. Form A-1 (4-30-42 San Francisco)

Registration effective 1 p.m. ESWT on June 6, 1942.

CAMILLA CANADIAN MINING CORP., LTD.

Camilla Canadian Mining Corp., Ltd. filed a registration statement with the SEC covering 500,000 shares of capital stock, par value $1 per share

Address—Toronto, Ont.

Business—Mining and milling

Underwriting—Enyart Van Camp & Co., Chicago, underwriter

Offering—Offering price is 25 cents per share, U. S. funds

Purpose—For development, exploration, equipment, milling plant and working capital

Registration Statement No. 2-5013. Form S-3. (6-15-42)

Stop order proceedings discontinued and registration statement withdrawn Sept. 4, 1942.

CENTRAL MAINE POWER CO.

Central Maine Power Co. filed a registration statement with SEC for $14,500,000 first and general mortgage bonds, Series M, maturing July 1, 1972; $5,000,000 ten-year serial notes, maturing serially on July 1 from 1943 to 1952, and 261,910 shares of common stock, par value $10 per share.

Address—9 Green Street, Augusta, Maine

Business—Company is an operating public utility and engages in the electric, gas and water business, entirely within the State of Maine

Underwriting—The bonds and the notes will be sold under the competitive bidding rule of the Commission. Names of underwriters and amounts and offering price to public will be supplied by amendment

Offering—Public offering price of the bonds and notes will be supplied by amendment. The 261,910 shares of common are first to be offered to the holders of the company's outstanding common stock and 6% preferred stock for subscription at $10 per share in accordance with their preemptive rights. New England Public Service Co. has subscribed for and agreed to take the 261,910 shares, less any shares as may be subscribed for by stockholders, and to pay therefor in cash at $10 per share provided the proposed merger becomes effective

Proceeds—Statement says that prior to the issue of the securities now registered, Cumberland County Power & Light Co., a public utility incorporated in Maine in 1909, will be merged into the company and Central Maine will thereupon acquire, pursuant to an agreement of merger, the business and all the rights, powers, etc., of Cumberland. After the merger has become effective, the business of the company will include also the business, franchises and properties of Cumberland, the separate existence of which will have ceased

Net proceeds from the financing in accordance with the merger plan recently filed with the commission will be used as follows:

Net proceeds of the series M bonds will be used to pay principal and premium in the redemption at 105% on Oct. 1, 1942, of $1,494,000 face amount of first mortgage, 4% series, due 1960, of Cumberland Power, $1,538,060; to pay principal and premium in the redemption at 105½% on a date in 1942 to be announced of $9,275,000 face amount first mortgage bonds, 3½% series, due 1966 of Cumberland County $9,784,348 and to pay bank loans made by the company which were incurred for the purchase and construction of facilities $2,650,000.

Net proceeds of the serial notes and the common stock will be used to pay par and premium in the redemption on a date to be fixed in 1942 of an unspecifed number of shares of 6% preferred stock and an unspecified number of shares of 5½% preferred stock of Cumberland County at 130% and 110%, respectively, all of which shares are to be called for redemption by Cumberland County prior to the proposed merger and converted under the agreement of merger into an obligation of the company to deposit the redemption price thereof in trust for the holders of such shares. The amount to be utilized in such redemption will be supplied by amendment.

Additional net proceeds from the sale of serial notes and common stock will be used to acquire 300 shares of the common stock and $6,000 face amount of 5% debentures of Aug. 1, 1936, due Aug. 1, 1956, of Nepsco Services, Inc., and 10 shares of common of Nepsco Appliance Finance Corp. $9,100 and to acquire all of the 650 outstanding shares of the no par capital stock of New England Pole & Treating Co. $110,000.

Balance of net proceeds of the series M bonds, the serial notes and common stock will be used to redeem at $120 per share or otherwise retire on or before Oct. 1, 1942, an unspecified number of shares of 7% preferred stock of the company and for the purchase and construction of facilities for the carrying out of the company's business.

Registration Statement No. 2-5024. Form A-2. (6-29-42)

Central Maine Power Co. on Aug. 5, 1942, filed a request with the SEC to withdraw trust indenture data in view of decision to sell the proposed issue of $5,000,000 10-year serial notes at private sale. On July 16, 1942, company filed an amendment with the SEC to withdraw the proposed notes from registration and such withdrawal was approved Aug. 19, 1942

Amendment filed Ang. 22, 1942 to defer effective date

EASTERN COOPERATIVE WHOLESALE, INC.

Eastern Cooperative Wholesale, Inc., filed a registration statement with the SEC for $150,000 4% registered debenture bonds maturing July 1 of each year from 1944 to 1956, inclusive (exclusive of 1950). Company states that $50,000 in maximum principal amount which shall mature in 1944 and $30,000 is maximum principal amount which shall mature in any one of the other years

Address—135 Kent Ave., Brooklyn, N. Y.

Business—Wholesale dealer in groceries allied products, including, among other related activities, warehousing and packaging

Underwriting—No underwriter named

Offering—The securities are being sold by the Cooperative directly to its stockholders and friends interested in the cooperative movement without the interposition of any underwriter, dealer, broker or salesman, at 100. No commission will be paid to anyone in conjunction with such sale

Proceeds—Will be used to repay certain private loans and also to reduce certain accounts payable now outstanding for current merchandise, the balance to be used for working capital

Registration Statement No. 2-5002. Form S-2. (5-27-42)

Registration Statement effective 1 p.m., EWT on Aug. 1, 1942 as of 5:30 p.m. EWT July 18, 1942

ELLICOTT DRUG CO.

Ellicott Drug Co. filed a registration statement with the SEC for $350,000 6% debentures, due June 30, 1957.

Address—120 Cherry Street, Buffalo, New York

Business — Company is a cooperative wholesale drug company, selling to its members only, all of whom are retail druggists.

Proceeds — $250,000 of the debentures will be presently issued. Approximately $120,000 of this amount will be issued to replace the outstanding 6% preferred stock which is being eliminated. Approximately $48,000 additional will be issued to retire buying privilege deposits with the company The balance, approximately $78,500 after expenses, will become additional working capital

Offering—The new debentures will be priced at 100 and accrued interest

Registration Statement No. 2-5026. Form A-2. (7-7-42)

Amendment filed July 23, 1942 giving to members of the company only the privilege of exchanging the 6% cumulative preferred stock, par $50, for the debentures on a dollar for dollar basis and or exchange for deposits made by non stockholder members.

Amendment filed Aug. 7, 1942, to defer effective date

EQUIPMENT FINANCE CORPORATION

Equipment Finance Corporation has filed a registration statement with the SEC for 5,000 shares of common stock, no par value

Address—Chicago, Ill.

Business—Short term financing etc.

Underwriting—No underwriter named

Offering—Issued prior to registration for cash and property 2,007 shares at $100 per share, and 2,993 shares are to be publicly offered at $100 per share

Proceeds—For trucks, land, building additions, improvements and garaging facilities

Registration Statement No. 2-5023. Form S-2. (6-27-42)

Amendment filed Aug. 11, 1942, to defer effective date

Equipment Finance Corp. filed on Aug. 13 an amendment to its registration statement in which the proposed offering is stated as follows: Sold prior to registration to employees of Curtiss Candy Co. 1,238 shares of common, no par value, at $100 per share and offer of rescission is being made re above shares, to be publicly offered at $100 per share, 2,993 shares for total of $299,300. Purpose of issue as amended includes wagons, horses and facilities for operation of horse-drawn vehicles.

Registration Statement—Effective 12:45 p.m., ESWT on Sept. 2, 1942, as of 5:30 p.m. Aug. 11, 1942.

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed Sept. 5, 1942, to defer effective date

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Amendment filed, July 30, 1942 to defer effective date

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed Aug. 17, 1942, to defer effective date

LONE STAR STEEL CO.

Lone Star Steel Co. filed registration statement with SEC for $500,000 5% debentures, due 1948; 1,000 warrents to purchase common stock; and 75,000 shares no par common stock

Address—Dallas, Texas

Business—Company is engaged in the manufacture of pig iron and steel

Underwriting — No underwriters are named in registration statement

Offering—The debentures will be offered to the public at 100; each $500 principal amount of the debentures will carry one warrant entitling the holder to purchase 25 shares of common stock of company, at $10 per share. Of the 75,000 shares common stock registered, 25,000 shares are reserved for issuance upon exercise of the warrants, and 50,000 shares will be offered to the public at $10 per share

Proceeds will be used for working capital purposes

Registration Statement No. 2-4997. Form S-2. (5-8-42)

Registration Statement effective 5:30 p.m. EWT on June 17, 1942

LUKENS STEEL CO.

Lukens Steel Co. filed a registration statement with the SEC for $2,200,000 4¾% sinking fund debentures due 1952

Address—Coatesville, Pa.

Business—Steel manufacturer

Proceeds—Payment of bank loan

Registration Statement No. 2-5003. Form A-2. (5-29-42)

In an amendment filed by the Lukens Steel Co. covering the registration of $2,200,000 4¾% sinking fund debentures the underwriters and the amounts to be purchased are given as follows:

Name	Amount
E. H. Rollins & Sons, Inc.	$874,000
Allen & Co.	600,000
Pistell, Wright & Co., Ltd.	186,000
Stroud & Co., Inc.	150,000
Graham, Parsons & Co.	100,000
Biddle, Whelen & Co.	100,000
Vallance & Co.	100,000
Boenning & Co.	50,000
Bond & Goodwin, Inc.	40,000

Offering price to the public will be 100 plus accrued interest from June 1, 1942.

Registration Statement effective 5:30 p.m. EWT on July 28, 1942 as of 5:30 p.m. EWT July 12, 1942

NU-ENAMEL CORPORATION

Nu-Enamel Corporation filed a registration statement with the SEC for 106,500 shares of common stock, $1 par value

Address—8 South Michigan Ave., Chicago

Business—The company is engaged in the distribution and sale of enamels, paints, varnishes, linoleum finish, stains, polish and kindred lines, which are principally distributed under the trade name "Nu-Enamel." The products sold by the company are manufactured by Armstrong Paint & Varnish Works, of Chicago, under contract in accordance with the company's formulae and specifications

Underwriting—Floyd D. Cerf Co. is the principal underwriter.

Offering—The principal underwriter is granted the option, until close of business Dec. 31, 1942, to purchase at $1.50 per share all or any part of 72,500 shares of common stock of the company from C. L. Lloyd and all or any part of 34,000 shares from Gladys Lloyd. There is no firm commitment to purchase any of said shares. The principal underwriter has agreed to pay a finder's fee to American Industries Corp., Detroit, Mich., in the amount of 5 cents for each share of common stock purchased by the principal underwriter from the selling stockholders. Offering price to the public will be supplied by amendment

Proceeds—The shares to be offered are already issued and proceeds will go to the individual sellers of the shares

Registration Statement No. 2-5029. Form A-2, (8-1-42)

Nu-Enamel Corporation on Aug. 26 filed an amendment to its registration statement giving the public offering price at $2 per share

Amendment filed Aug. 14, 1942, to defer effective date.

SOUTHWESTERN PUBLIC SERVICE CO.

Southwestern Public Service Co. filed a registration statement with the SEC for: $16,500,000 of first mortgage and collateral trust bonds, due Feb. 1, 1972; $5,500,000 serial notes, due in equal annual amounts from Nov. 1, 1943, to Nov. 1, 1953, inclusive; and 85,000 shares of 6% cumulative preferred stock, $100 par value

Address—Dallas, Texas

Business—This company and its subsidiaries are engaged principally in the generation, transmission, distribution and sale of electricity, serving certain communities in Texas, New Mexico, Oklahoma, Louisiana, Arkansas and Arizona. Under a plan of integration and simplification proposed to be consummated under section 11 of the Holding Company Act simultaneously with the consummation of the present proposed financing, the company proposes to effectuate the following transactions: Merger of Community Power & Light Co. and General Public Utilities, Inc. (the two present parent companies of the company) into the company; liquidation of Texas-New Mexico Utilities Co.; recapitalization and partial liquidation of Gulf Public Service Co.; purchase of Panhandle Power & Light Co., Cimarron Utilities Co. and Guymon Gas Co.; and refunding of the entire outstanding funded debt of the company itself. Upon completion of the transactions involved in foregoing, it is expected that the company will have no parent

Underwriting—Dillon, Read & Co., of New York, is the principal underwriter; the names of the other underwriters will be supplied by amendment

Offering—The bonds, serial notes and 6% preferred stock, will be sold to the public, at prices to be supplied by amendment

Proceeds from sale of the new securities will be added to the company's general funds and will be applied to effectuate the various financial transactions involved in the plan of integration and simplification, and the refinancing of the company's outstanding funded debt

Registration Statement No. 2-4981. Form A-2. (3-31-42)

Amendment filed Aug. 21, 1942, to defer effective date

Southwestern Public Service Co. on Aug. 31 filed an amendment to its registration statement fixing the proposed issue of 3¾% first mortgage and collateral trust bonds due 1972 at $20,000,000, the amount of serial notes at $6,000,000 and the amount of preferred stock at 60,000 shares, all issues to be offered to public through underwriters. The $1 par common stock (185,000 shares) is to be offered first to common stock holders of Community Power & Light Co. and of General Public Utilities, Inc., other than Community as a stockholder of General, the offering to be made through warrants, the unsubscribed shares to be sold through underwriters

THE TRION COMPANY

The Trion Company has filed a registration statement with the SEC for 6,000 shares of 7% cumulative preferred stock, par value $100 per share.

Address—Trion, Georgia.

Business—Company manufactures, finishes and fabricates cotton goods in its plant at Trion, Ga.

Underwriting—Courts & Co., Atlanta, Ga., is named principal underwriter. Other underwriters will be named by amendment.

Offering—The 6,000 shares registered are issued and outstanding and are being offered for the account of a corporation and individual stockholders. The price to be paid for the stock by the underwriters and the offering price to the public will be supplied by amendment.

Proceeds—The registrant is not to receive any of the net proceeds which will go to the selling stockholder.

Registration Statement No. 2-5035. Form S-2. (8-13-42)

Amendment filed Aug. 31, 1942, to defer effective date

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Read & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb. 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed Aug. 27, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1956

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be eithe sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

Amendment filed Aug. 24, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

Amendment filed Sept. 1, 1942, to defer effective date

WASHINGTON NATIONAL INSURANCE CO.

Washington National Insurance Co. has filed a registration statement with the SEC covering $1,000,000 being estimated amount of employee contributions during first ten years of employee's retirement plan

Address—610 Church Street, Evanston, Ill.

Business—Employees retirement plan

Offering—The savings and profit sharing pension fund of the Washington National Insurance Co. employees, is a trust, and is referred to as the plan of the fund. The plan is a voluntary contributory employees retirement plan under which, after it becomes effective, those eligible employees, who elect to become participants and depositors under the plan, will deposit in the fund 5% of their compensation, but, in no case, more than 5% or more than $250 a year

Registration Statement No. 2-5036. Form C-1. (8-20-42)

Amendment filed Sept. 5, 1942, to defer effective date.

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of everal operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., in dissolution to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923 Form A2 (12-29-41)

Amendment filed April 21, 1942, to defer effective date

Baker Takes War Post

The White House announced on Sept. 1 that President Roosevelt had accepted the resignation of George P. Baker, Vice Chairman of the Civil Aeronautics Board, to permit him to devote full time to special work with the War Department. Mr. Baker has been serving part time as Chief of the Requirements Division in the Army Quartermaster General's Office since last Spring.

Accepting the resignation with a "sincere feeling of regret," the President said that "the advancement of civil aviation during your period of service with the Civil Aeronautics Board has been outstanding."

Zoning & Bldg. Code Revisions Are Urged

Almost 20% of the property in the average American city has so completely fallen within the blighted class that, were it concentrated in one district and destroyed, the resulting economic loss would probably in the long run turn out to be an actual gain, Frederick P. Camp, President of the Mortgage Bankers Association of America, said on Sept. 5 in an announcement that at the organization's forth-coming Conference on Wartime Mortgage Finance at Chicago about a fourth of the meeting would be devoted to studying present war housing and its effect on post-war urban rehabilitation. The meeting is scheduled for Sept. 30 to Oct. 2 replacing the Association's 29th annual convention canceled earlier.

Mr. Champ declared:

"Any problem is insignificant compared with the nation's immediate task of winning the war, yet it must be admitted that some post-war problems, such as the long-neglected need for urban rehabilitation, ought to be carefully studied now because the guide to much of what will be done later is being established in war housing now.

"Zoning laws in many cities, long hamstrung by restrictions that made no sense whatever, have been over-turned by the immediate needs of war housing. It will be to the everlasting benefit of the nation if we can keep them over-turned. Too much of the average American city is zoned for commercial properties. A great deal of it must be turned back for residential use. This should cut down small retail business failures, help the municipal tax picture and aid in retaining city populations in cities.

"Some authorities now contend that one store for every twenty-five families is about right on an average and for food stores, for example, the ratio ought to run around one for every fifty families.

"Municipal authorities can make an important wartime contribution by revising their outworn zoning ordinances now. Fortunately, many are doing so. In some, restrictions against 'row' type houses have been lifted, in others 'dry wall' construction—long banned— is now permitted. The FHA has performed a fine public service in suggesting building code reforms and urging minimum constructions standards for war housing. The wisdom of the agency's scientific and sensible suggestions should not be lost on public officials in the post-war period."

Signs Widener Art Bill

Legislation authorizing government acceptance of the Joseph E. Widener art collection was signed by President Roosevelt on Sept. 3.

The joint resolution, authorizing appropriation of sufficient funds to pay the State of Pennsylvania any tax required under Sate law because of transfer of the collection from Philadelphia to the National Gallery of Art in Washington, passed the Senate on Aug. 25 and the House on Aug 27.

The President requested the legislation on Aug 20 and estimated the tax at $195,000 (referred to in these columns of Aug. 27, page 715). The Federal Government has estimated the collection's present value at $3,900,000.

Single Men To Get First Call In Draft

Warning of the "serious military situation," Maj.-Gen. Lewis B. Hershey, Selective Service Director, instructed State headquarters on Sept. 1 to apportion induction calls so that the heaviest load will fall on boards with the most single men or men with only "collateral" dependents.

Gen. Henshey said that "in so far as is feasible," no board should call "one type of registrant with dependents substantially in advance of other boards."

United Press advices from Washington added:

"He also directed local boards to complete by Oct. 16 the initial classification of all registrants liable for military service so that the selective service system will be prepared to fill calls during the coming year which will be equal to or in excess of the monthly calls made in August, September and October of this year.

"The effect of his order, he said, will be to level off inductions so that men from small towns and from cities will be called on an approximately uniform basis.

"As soon as local boards have reconsidered the classification of all registrants having collateral dependents (wives, children and other relatives with whom the registrant does not maintain a bona fide family relationship) Gen. Hershey's instructions said, they should then reconsider the classifications of all registrants with wives, but no children.

"Registrants with both wives and children should not be made subject to induction until such action is authorized by the national headquarters, he added."

CCC To Purchase Entire Supply Of Cotton Linters

The War Production Board ordered on Sept. 2 that the country's total supply of cotton linters be sold to the Commodity Credit Corporation.

Cotton linters are essential in the manufacture of explosives, plastics and other vital war materials. Free flow of adequate supplies of linters into these uses is threatened by marketing, prices and transportation difficulties, the WPB said. To remove all such obstacles to maximum linters supply, the WPB stated, the amendment offers all sellers of linters an immediate market, at fixed prices, and requires that all producers accept orders from the CCC without regard to preference ratings.

The amended order makes it illegal to deliver linters to any one other than CCC and illegal for any person other than CCC to accept delivery of them. The corporation may not deliver any cotton linters to any person without express authorization by WPB.

It is contemplated that only cotton linters suitable for production of chemical cotton pulp will be purchased by CCC, it was stated. Any substandard bales rejected by CCC will be disposed of under specific direction of WPB.

War Damage Insurance Over $80 Billions

The War Damage Corporation has collected premiums of $106,000,000 for protection of property against enemy attack in its first two months' operation, Secretary of Commerce Jesse Jones reported on Sept. 3 at the first directors' meeting.

Mr. Jones, who is Chairman of the $1,000,000,000 WDC, a subsidiary of the Reconstruction Finance Corporation, said that, on the basis of premiums paid, it is estimated that approximately $80,000,000,000 in war damage protection is in force. He added that of the more than 3,500,000 policies that have been written to date, many are far more than $100,000,000, but the great majority are for less than $10,000.

It is reported that the American Telephone and Telegraph Co. and the United States Steel Corp. have taken out more than $1,250,000,000 each.

The WDC has sold insurance to the big railroads, utilities, privately owned war plants, apartment houses and hotels, as well as to thousands of residences and farms, and many self-liquidating public projects. The Port of New York Authority insured all its giant bridges and tunnels, and the San Francisco-Oakland bridge also is on the books of the WDC.

WPB Tightens Control Of Civilian Construction

The War Production Board on Sept. 2 ordered further drastic cuts in the amount of civilian construction to be allowed without specific authorization and imposed new restrictions upon multiple residential and certain types of commercial construction.

Revising its previous order of last April, which placed all civilian construction under Federal controls, the WPB listed the following new classes of construction, together with their present and former cost limits:

Residential, $500 and $200; multiple residential, $500 and $1,000; agricultural, $1,000, unchanged; industrial, $5,000, unchanged; certain types of commercial, $5,000 and $200; other types of commercial, including highway, subsurface and utilities construction $5,000 and $1,000.

The WPB also cautioned builders against making commitments for materials until permission to build actually had been granted. The fact that a builder has all necessary materials on hand and needs no priorities will not in itself govern whether he should be permitted to use them in construction, the WPB said.

Included among the types of commercial construction reduced from $5,000 to $200 are buildings for lodges, associations, fraternities or sorority houses, auditoriums or assembly houses. Also included are buildings designed for occupancy by not more than five establishments selling goods food or drink, or providing services. In the latter group are small stores, soda fountains, bars and tailor, barber and cobbler shops.

The WPB said large quantities of materials had been going into their construction under the original order following $5,000 to be spent during any 12-month period. In every instance where estimated costs are under the established limits, the WPB said, the owner, before he may begin construction, must be able to acquire enough material to complete the project without priority assistance. Furthermore, the project must not require the use of any material on the site or off the site, to supply gas, electricity, water, steam, telephone or sewage disposal service.

The WPB's original order was reported in these columns of April 16, page 1557.

AMA Regional Offices

Establishment of seven regional offices to administer field activities of the Agricultural Marketing Administration was announced Aug. 31 by the Department of Agriculture. Regional headquarters will be at New York City, Atlanta, Chicago, Des Moines, Dallas, Denver, and San Francisco, and regional administrators assumed duties on Sept. 1.

Roy F. Hendrickson, Administrator, in announcing the assignment of regional administrators, said that the wartime responsibilities of AMA have so increased that a more thoroughly regionalized organization is necessary.

During the first half of September, while the regional administrators are becoming established there will be no change in the normal line of responsibility of field workers to their superior officers. Effective Sept. 15, the field functions of the Distribution Branch, part of the field functions of the Purchase Branch and certain other functions will be assigned to the regional administrators for supervision. Subsequently, further responsibilities will be delegated to them, it was explained.

Army Mails Checks To Service Men's Dependents

The War Department mailed on Sept. 1 the first Army checks under the new Service Men's Dependents Allowance Act. It was estimated that a total of about $2,000,000 in allowances accumulated since June 1 was sent out for approximately 20,000 applications received and processed up to Aug. 29. The mailing of the checks now was in accordance with the bill recently signed by President Roosevelt advancing from Nov. 1 to Sept. 1 the date for initial payments (referred to in these columns of Aug. 27, page 728).

It was estimated, according to the Associated Press, that eventually there would be approximately 500,000 applications for every 1,000,000 men in the Army, with an average of two dependents for each application.

The Navy Department began mailing its checks on Aug. 24.

Cgo. S. E. Memberships

CHICAGO, ILL.—Barrett Wendell, Vice-President of the Lee Higginson Corporation, has been elected to membership in the Chicago Stock Exchange by the Executive Committee, it was announced. Mr. Wendell, who has been engaged in the securities business for almost 40 years, during all of which time he has been associated with Lee Higginson, is the third officer of a corporation dealing in securities to be elected to membership, following adoption of the Exchange's new rules.

A membership in the Chicago Stock Exchange has been posted for transfer to Marshall Forrest, Executive Vice-President of Ames, Emerich & Co., Inc., of Chicago. Ames, Emerich & Co. was formed in 1911 to do a general investment business in Chicago, and Mr. Forrest has been associated with the company since that time. Mr. Forrest is the fourth applicant to take advantage of the Exchange's new rules permitting the admission to membership of officers of corporations dealing in securities.

U. S. And Brazil In Pact To Develop Food

An agreement between the United States and Brazil providing for the development of basic foodstuffs in Northern Brazil was signed at Rio de Janeiro on Sept. 3. The accord calls for the expenditure of about $2,000,000 by the United States and a Brazilian outlay of 5,000 contos a year.

The agreement was signed by Nelson Rockefeller, Coordinator of Inter-American Affairs, and Jefferson Caffrey, Ambassador, for the United States, and Oswaldo Aranha, Foreign Minister, and Apolonio Salles, Agriculture Minister, for Brazil.

Registration Revoked

The Securities and Exchange Commission has ordered the revocation of the registration of Frear & Co., Inc., Woodward Building, Washington, D. C. on charges of wilful violation of the Securities Act of 1933 and the Securities Exchange Act of 1934 in connection with the sale of securities of Pinlex, Inc., a corporation promoted by Philip A. Frear, head of Frear & Co., Inc. The stock had not been registered with the SEC, Frear & Co. contending that the securities were exempt from such registration and that less than $30,000 of the stock had been sold.

White's Municipal Analysis Found Valuable Aid

Examination of "White's Analysis of Municipal Bonds," just published by J. Austin White, proprietor of J. A. White & Co., Cincinnati investment house, discloses that the book fills a long-standing gap in the source of information essential to every municipal dealer and investor. The author takes the quite correct stand that too little is known about the willingness and ability of municipal debtors to pay off their obligations, and his book undertakes to supply this information with the economic background of local subdivisions.

The book shows the importance of manufacturing, farming, mining, railroad employment, and resort business to each county in the United States and for each city of 10,000 or more population. It also shows the extent of, or lack of diversification in the manufacturing activity of each local unit, wherein such activity is important. Another feature of this new departure in municipal information is the detailing of the characteristics of population of every such city and county, based upon the extraction of the people in the community. Also given is the percentage of total population engaged in agriculture, manufacturing and mining.

It is possible for the reader to tell at a glance how important the foreign element is in any particular city or county which may be under discussion. A basic new factor in this information is the segregation of the foreign element into two groups: that from northern and northwestern European countries and that from southern and southeastern European countries. This foreign white stock includes two generations, both the foreign born and also the native born white population of foreign born parents. Thus the reader can quickly ascertain the relative importance of all of the foreign element, as indicated by the percentage of the total population.

Mr. White's new book is the result of several years of endeavor, compiling masses of data. His primary purpose has been to present specific information of value to those who buy, sell and own municipal bonds. His rating of diversification of industry in a community is the first such undertaking we have seen in this important field, which applies as well, to the division of the foreign element in a community, according to the source of such element. Moreover, the reader can easily determine the exact relative importance of the three basic activities — agriculture, manufacturing and mining, to the economic life of a given unit.

Although "White's Analysis of Municipal Bonds" concerns itself primarily with the "Willingness to Pay" and "Ability to Pay" of municipal debtors, it is pointed out by Mr. White that he very definitely has no intention to discredit the Capital aspect of any given situation. By the "Capital aspect" we mean the ratio of the debtor's obligations to his wealth. He simply did not treat of this phase, since this information is usually easily obtainable and is generally given in all descriptive offering circulars, in the form of a financial statement of the municipality. Every investor should, of course, carefully examine the financial status of any local unit before seriously considering the purchase of any of its obligations.

Copies of the book are now available for distribution at a cost of $5 per copy. Mr. White advises us that he shall be glad to send copies without advance payment, for a 10-day examination, being confident that even with a little use the interested parties will agree as to its value. All inquiries should be addressed to J. Austin White, Union Central Building, Cincinnati, Ohio.

Schram Made Advisor To NY Finance Inst.

Emil Schram, President of the New York Stock Exchange, has joined the Board of Advisors of the New York Institute of Finance, the successor organization to the New York Stock Exchange Institute which was discontinued as a department of the Exchange in 1941.

Since severing its connection with the Exchange, the Institute has broadened its curriculum to include basic business training courses for employees of all types of financial institutions. Courses in accounting, shorthand, economics and income tax practice are available.

A feature of the Fall Term program are the four-week courses designed to prepare young women for brokerage clerical positions vacated by men entering the armed services. The Institute envisages a sharp increase in the number of women workers in the financial district during the next year.

All of the courses of the New York Institute of Finance are given in the late afternoon and early evening and are open to the public. Most of the students and all of the instructors are actively engaged in business during the day. Registration for the Fall Term extends from Sept. 11 to 17, with classes commencing Sept. 21.

Urges Filing Uniform Financial Reports

At the closing meeting of the National Association of Securities Commissioners in St. Paul, Minn., on Sept. 4, the adoption of uniform financial reports by regulatory authorities and others in the securities field to simplify the work of providing statements was urged by Vern Z. Zeller of the Wisconsin Commission. Mr. Zeller is chairman of the committee assigned to the task of conducting the uniform reports study in cooperation with the National Association of Securities Dealers, the Investment Bankers Association and the Securities and Exchange Commission.

James A. Treanor, Jr. of Philadelphia, Director of the Trading and Exchange Division of the SEC, expressed concurrence of the SEC in the move to adopt uniform reports.

Joseph Schneider, Kentucky Securities Commissioner, was elected President of NASC, succeeding Paul Selby, Chief of the Ohio Division of Securities.

Other new officers of the Association are: Andrew Markey, New Jersey, First Vice-President; Stanley Pogue, Illinois, Second Vice-President; Curtis White, Colorado, Secretary, and John L. Carter, Arkansas, Treasurer.

Visit N. Y. S. E.

W. E. Wood, President, and H. A. Hitch, Comptroller, of the Virginia Public Service Co., were guests on Sept. 3 of the New York Stock Exchange. First mortgage bonds of the company, which operates in Alexandria, Va., were admitted to the Stock Exchange list on Aug. 31 in the principal amount of $26,000,000.

They were welcomed by Robert L. Stott, Chairman of the Board, in the absence of Emil Schram, President. The officers of the company visited the bond trading room of the Exchange and also several of its offices.

Our Reporter On "Governments"

(Continued from first page)

chaos in the market easily could lead to absolute "freezing," scarcely a happy prospect no matter how you look at it. . . .

THE BIG BOND DEAL

As this writer looks at the September deal, its main importance lies not in its size or in the terms chosen but in the possibility that it forecasts a major bond financing for October. . . . The long-term market is being given a rest. . . . The talk of a quarterly deal running into billions is increasing steadily. . . . All over, rumors of the need for a definite set financing policy and the strength of the "big quarterly bond deal" forces are heard. . . .

There's every reason to expect a bond deal in October and an issue designed to appeal to all investors. . . . And the short-term quality of the September borrowing makes that forecast a little more certain. . . . Maybe the issue will total $5,000,000,000. . . . Bonds would be essential, of course. . . . Books might be kept open from two to three weeks with subscriptions permissible from all. . . .

In short, it would be the old Liberty Bond sale idea, dressed up in 1942 interest terms and characteristics. . . .

INSIDE THE MARKET

No matter what type of bond the Treasury chooses for the next important financing in the long-term market, some dealers believe the "tap" 2½s, selling at 100.10 and due in 1967/62 will appear most attractive on a comparative basis. . . . Issue yields 2.47% to call date. . . . Is not eligible for bank portfolio purchase but can be bought by others.

One dealer reports he has had a surprisingly large number of inquiries from stock brokerage houses and individuals for one and five-bond and ten-bond lots of the "taps." . . .

Chances of Federal Reserve System increasing its repurchase rate on discount bills growing less due to stabilizing of bill rate level recently. . . . Issues attracting subscriptions running above $870,000,000 per week, definitely showing importance of this type of security. . . .

Purchase of Treasury 2¾s of 1965/60 and sale of Treasury 2½s of 1972/67 on a nine-point spread being suggested by several dealers on basis that issues are out of line and 2¾s should rally ¼-point more than 2½s of 1972/67 in any recovery move. . . .

Ability of market to take any sort of news about financing totals —even $3,000,000,000 borrowings "out of the clear"—without budging more than a few 32nds just one more confirmation of supporting power. . . . Some dealers look with eagerness for big move on downside because "it will increase trading profits." . . . Answer to that is "yes, perhaps temporarily, and then you'll get a frozen market to keep the banking system from going bankrupt." . . . The alternative is awful to consider. . . .

RESERVES AGAIN?

Banks in New York district are down to $265,000,000 of excess reserves again, indicating the $415,000,000 increase brought into being by the lowering of central reserve city bank requirements recently will be used up shortly. . . . New York banks received $345,000,000 of excess reserves, lost millions within a few hours after increase was created. . . . New York Federal Reserve Bank reported a few days ago that banks in the second Reserve district have made net payments of $8,499,000,000 for new Government issues since the beginning of 1942. . . . Breakdown of figures shows banks paid out $1,934,000,000 in August, $1,625,000,000 in July, $1,254,000,000 in June—and the figures run that way all the way back. . . . Besides, there are the currency circulation gains and the fact that money supplied to the Treasury by banks in New York is siphoned to other regions, due to the plain fact that payments on large war contracts are made elsewhere. . . .

No side-stepping the issue. . . . Changes in reserve requirements will have to come again—and soon again. . . . New York and Chicago banks may look for additional easing of their special positions and then general reduction in requirements will come. . . .

BOND REDEMPTIONS

Been many rumors around recently about widespread and heavy redemptions of war bonds. . . . Particularly since intensification of the war bond sales campaign. . . . Check of authoritative figures reveals these rumors are ill-founded, utterly false and must be repudiated. . . . On percentage basis, in fact, there are less redemptions now than in peace days. . . . Less than half. . . .

Here are some figures to confirm these statements. . . . Redemptions of all savings bonds in July—and this includes the baby, defense and war bonds—totaled $25,500,000, or 0.23% of the $11,077,800,000 total of savings bonds outstanding. . . . Redemptions as compared with the month's sales of $900,900,000 bonds amounted to 2.8%, against a figure of 3.9% shown last March. . . .

In the year ended June 30, 1941, redemptions had averaged 9.8%. . . . Now they're less than half that level. . . . On stamp sales, only 5.8% of the turn-ins to date have been for cash rather than bonds. . . . The official report is 42.58% of stamps sold have been redeemed, while 86.31% of these redemptions have been for bonds and the balance, for cash. . . .

It's unnecessary to bore you with figures. . . . The plain fact is, the rumors of huge cash-ins which probably have reached your ears recently are wrong. . . . No matter what the reason—patriotism, growing recognition of the investment virtues of the 10-year 2.9% bonds, increasing earnings and thus lessening pressure for sudden sale—the fact is, we're holding the bonds we do buy. . . .

But we're not buying enough. . . . The August sales record was disappointing, the Treasury's conservatism—inspired by our response—in setting the September goal is discouraging. . . . Only the support of the American people will do this job in the final sense. . . . And to get back to market analysis, the way things shape up now, bank financing of the war will have to be the Treasury's principal hope in the coming months. . . .

Cashiers To Hold Outing

The annual outing of the Cashiers Association of Wall Street, Inc., will be held on Sept. 12, 1942, at the Elks Club House, Oakwood Heights, S. I. Facilities will be available for softball, handball, horseshoe pitching, bowling and ski ball. Facilities of the club also will be available on Saturday morning for those who are able to go out early.

McClure With Chicago Victory Fund Group

Nathan D. McClure has accepted the appointment as Assistant Executive Manager of the United States Treasury Victory Fund Committee for the Seventh Federal Reserve District, it was announced on Sept. 6 by C. S. Young, President of the Federal Reserve Bank of Chicago. Mr. McClure is Vice-President of Harriman Ripley & Co. and has been granted an indefinite leave of absence in order that the Victory Fund Committee may have the benefit of his full-time services. He will assist in the Government's program of placing as much as possible of the future Treasury issues with investors other than banks which carry demand deposits.

The Seventh Federal Reserve District Victory Fund Committee is composed of the leading commercial and investment bankers. Mr. Young is Chairman and Francis F. Patton is Executive Manager.

Bear, Stearns Opens Dept. Under Finney

Entry of Bear, Stearns & Co., 1 Wall Street, New York City, members of the New York Stock Exchange and other leading Exchanges, into the field of State and Municipal financing was revealed today in the announcement by the firm of the establishment of a department to engage in underwriting, distributing and trading in municipal bonds. Howard Finney, Jr., who for several years has been associated with C. J. Devine & Co., has joined the Bear, Stearns organization as head of the new department.

"Our decision to enter this field at this time," said Salim L. Lewis, partner in charge, "results primarily from a conviction that expansion is best undertaken when business is relatively quiet. The Municipal Bond business is experiencing such a period now. We have entire confidence in its future opportunities, and this confidence extends to all phases of the securities buisness."

Ferris Moulton With Gordon Saunders Co.

Ferris S. Moulton who headed the New York office of R. H. Moulton & Co. for many years. has been admitted as a general partner of Gordon Saunders Co., 64 Wall Street, New York City, specialists in Canadian securities.

Mr. Moulton has specialized in municipal finance for the past 20 years and has been on the municipal division council of the Investment Bankers Association for the past four years. He is a member of the municipal committee of the New York group of the Investment Bankers Association and a charter member of the Municipal Bond Club of New York. He was formerly vice-president of that club and is presently secretary of the Bond Club of New York.

Gordon Saunders Co. also announces that their phone number has been changed from Bowling Green 9-7558 to Digby 4-8990.

Final Edition THURSDAY In 2 Sections — Section 2

FINANCIAL The COMMERCIAL & CHRONICLE

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President Demands Stabilization Of Wages And Profits, With New Ceiling On Farm Products

In a strongly worded message to Congress, President Roosevelt on Sept. 7 asked that legislation be passed by Oct. 1 under which he would be authorized to stabilize the cost of living, including the price of all farm commodities.

Warning that should Congress fail to act adequately in this matter, the President said, "I shall accept the responsibility, and I will act." Mr. Roosevelt asserted that he "has all the powers, under the Constitution and under Congressional acts, to take measures necessary to avert a disaster which would interfere with the winning of the war."

With farm prices stabilized, the President went on, "wages can and will be stabilized also. This I will do." He pointed out that it would be unfair to stabilize one and not the other.

Concerning his threat to use executive powers on the farm price question, the President explained:

"I have given the most thoughtful consideration to meeting this issue without further reference to the Congress. I have determined, however, on this vital matter to consult with the Congress.

"There may be those who will say that, if the situation is as grave as I have stated it to be, I should use my powers and act now. I can only say that I have approached this problem from every angle, and that I have decided that the course of conduct which I am following in this case is consistent with my sense of responsibility as President in time of war, and with my deep and unalterable devotion to the processes of democracy."

He went on to say:

"I cannot tell what powers may

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FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

That season of the year has arrived when the Republicans think they see a turning point. They get right excited about this time. The political writers say of them that they are "hopeful." They have had many "hopeful" opportunities ever since the New Dealers came in. In most every instance they have bungled them by trying to outdeal the New Deal, and whereupon their own supporters have said "Oh, nuts." This was to a large extent true in the case of Willkie's Presidential bid. Bob Taft went through Ohio in 1938 denouncing everything about the CIO. He did this against all of the political wise men's advice. He swept the State. When Willkie went into Ohio two years later, he equivocated on the CIO and a few months later John L. Lewis came out for him. The Willkie managers at that time thought this was a tremendous boost. It lost Willkie votes.

We have been around enough in the primaries which have been held this year to see that the Republicans are still trying to straddle. They have a complex on the so-called workingman. In trying to talk to him they make themselves look like fools. And in doing this they alienate or kill the enthusiasm of those multitudes who want something different.

As they head into this fall's campaign there is one thing they may put in their hat and smoke: That is, they aren't going to get any of the CIO vote and they aren't going to get any appreciable amount of the Negro vote. Mr. Roosevelt has taken care of the one and Mrs. Roosevelt has taken care of the other.

Insofar as the CIO vote is concerned, the Republicans should realize, for once and all, in order that they will know how to deal with it, that it is a part of the New Deal; the New Deal brought it into being and it is dominated by racial groups who look upon Republicans and business men as "appeasers," the same term which the New Dealers applied to Willkie in 1940. It is dominated by men who are racially more emotional about Hitler than the rest of us who also want to beat him; it is dominated also by Communists whose real interest is in how the Communists in Russia are coming out.

The members of the CIO in the fall elections will vote practically 100% for Roosevelt. We have heard too many of them talk. They still look upon business men as "appeasers." Their thought is that when the war is won these fellows will not be so keen to mangle every German—which is what they want to do. You can't possibly argue them out of this conviction.

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Notice To Our Readers

Due to the constantly expanding volume of current news of paramount importance to business and industry, we are obliged, owing to space limitations, to divert to Section 1 a considerable amount of material which, under ordinary conditions, is usually contained in this section of the "Chronicle." In bringing this matter to the attention of our readers, we are mindful of our pledge to make every effort to increase the value of the "Chronicle" by reporting, without delay, all of the information essential to a thorough knowledge of the manifold changes in tax and other legislative matters originating in Washington, together with the activities of the many Government agencies whose functions are of increasing importance to the conduct of business in the present emergency.

GENERAL CONTENTS

Editor's Note—Various other reports and news items, not covered in this index, appear in Section 1 of this issue, as explained in the notice given on this page.

THE FINANCIAL SITUATION

It is not a light or pleasant duty that the times lay upon those who must undertake to the best of their ability and within the limits of their influence to keep the thinking of the nation upon an even keel. Every reasonable man or woman would much prefer to join every other man and woman in hearty and full support of those the people themselves have chosen to lead us through the morass that encircles us around about. There are occasions, however, when applause may border upon treason; when silence is ignoble; when the conscientious observer has no alternative to charges of incompetence, mismanagement and false leadership.

A Serious Situation

Such an occasion is now upon us. Congress has persisted in a strange course of mingled spinelessness and obduracy, through which have run like a scarlet thread the baldest incompetency and political-mindedness. No one is likely to undertake to defend its behavior. Now comes the President with blunt demands for legislative action which he has long wanted, accompanying those demands with a forthright statement that unless he obtains what he wants in about three weeks he will usurp the functions of Congress and proceed without its blessings—and the program of the President, apart from its threat to cherished American institutions, is worse than the situation which he charges Congress has brought upon us.

Time only will disclose whether the American people will permit this hue and cry now being raised about "inflation" to divert their attention for long from the serious mismanagement that has so greatly burdened and is still so seriously hurting war production, but the various matters which the President chooses to group together under this heading are of first rate importance and public policy regarding them will determine whether henceforth the war production effort will be called upon to bear still further burdens originating with the authorities in Washington. The President in both his message to Congress and his address to the people is at some vital points anything but explicit, but from these two utterances, the latest Treasury tax proposals, the interest the SEC has been showing in corporate salaries and various other indications, it is not difficult to discern rather clearly the pattern of Administra-

(Continued on page 890)

Taxes And Income

Annual wage and salary disbursements have increased from $43,700,000,000 in 1939 to an estimated $75,000,000,000 in 1942. This represents an increase of 71%. To obtain a full appreciation of what that increase means, we should remember that $75,000,000,000 is more than our total national income was during any single year in the Nineteen Thirties. Due to constantly increasing employment, overtime, and wage rate increases, the annual wage and salary bill for the entire country has been rising by more than $1,000,000,000 a month.

* * *

A recent study by the Bureau of Labor Statistics has shown very strikingly how much the incomes of the average of families have gone up during the first quarter of 1942. If we assume that the income for the first quarter of 1942 is a fair basis for estimating what the family income will be for the entire year, the results of the study show that whereas less than one-fourth of all families in the United States received as much as $2,500 in 1941, more than one-third will have $2,500 or more in 1942. This shows how much the purchasing power of the average American family has gone up as a result of war production and how essential it is to control that purchasing power by taxation and by investment in War Bonds.—President Roosevelt.

Yet the "average American family" apparently has a relatively minor place in the tax program of the Administration.

THE FINANCIAL SITUATION

(Continued From First Page)

tion thought concerning ways and means of combating inflation.

The Program

Here briefly are evidently the cardinal points in the Administration program:

(1) No sacrifices at all from the farmer. Indeed it offers the agriculturist "parity" or better during the war and a guarantee now rather vaguely worded, but without question very liberal, of good prices for an indefinite period thereafter. Under such a regime, if it is possible to give it practical effect, the farmer both now and after the war would fare better than he has for decades past.

(2) Wage earners, by and large, despite all the palaver about sacrifice on their part would, far from being required to yield any of their "gains," be provided a dollar income and a "real" income far beyond anything they have ever known, infinitely beyond anything their fathers or their fathers' fathers ever knew, in peace or in war. The President at times measures workers' income by wage rates, and, from all appearances, would be quite willing for such rates to advance with the cost of living past or future. This in itself is, obviously, the very negation of sacrifice on their part, but this is not the full story. Wage earners are today receiving more money in their pay envelopes than they ever did before, and more when measured in terms of what the dollar will buy, not only, perhaps not even chiefly, by reason of wage increases, but as a result of more regular employment, longer (but not unreasonably long) hours of work, much of it at penalty rates of pay. If basic rates of pay are to keep pace with the rise in the cost of living, then the American workman will, in a manner of speaking, be the war millionaire this time.

(3) All others, generally speaking, (and the banks) must shoulder virtually all of the cost of the war. It is the duty (and the privilege) of the rest of us to do the sacrificing necessary to win the war and to keep the farmers and the wage earners in a state of comfort, not to say affluence, to which they are most emphatically not accustomed. It is, of course, the rest of us who are paying through the nose now, and it is upon the rest of us that the Administration would place the additional burdens which must be borne in the months and years ahead. The Administration makes a great virtue of lowering the exemptions provided in the income tax schedules, carefully ignoring the fact that the additional revenue therefrom (when rates are not adjusted correspondingly) comes much more largely from those who already were paying income taxes than from those who are included in this select group as a result of such a reduction. The Treasury's strange "spendings tax" proposal is obviously nothing more or less than a New Deal version of a sales tax so devised as to bear chiefly upon precisely the same groups already paying most of the taxes. The President has not made known his views of this particular proposal, preferring for the time being at least to reiterate his demand that taxes be arranged so that no man will have more than about $25,000 after payment of taxes, but it is evident that the scheme accords well with his general ideas. This is often said to be a people's war, but certain it is that the people will not pay for it if the Administration has its way.

Will Not Work

Of course, no such program will work. It will not and can not stop what the President terms "inflation." All, or virtually all, the so-called non-controlled prices of farm products, as the President forcefully states, have already risen very substantially. When they come through to the consumer in the form of manufactured products, the consumer must pay the costs thus added or at least some part of them. Wages are still rising, and under the rulings of the President's own War Labor Board many more increases in basic rates are warranted. Some one must foot the bill. Certainly the employer can not. When prices rise in this way, so-called parity prices for farm products again rise, and so the vicious circle proceeds. Moreover, the President speaks of taxing away the vast increases in purchasing power resulting from the war, but somehow he overlooks the fact, implicit in his own discussion, that much the larger part of this purchasing power is being lodged precisely in those groups which he would tax most lightly or not tax at all. Meanwhile prices are not permitted to rise (where they can be controlled) and thus consumption is not checked as would normally be the case by the greater costliness of consuming.

All this, however, is but the negative side of the subject. We are in the midst of a savage war with deadly enemies at many points throughout the world. We have undertaken to supply many other nations with the sinews of war. We must have production at the absolute maximum. There is no one in the land capable of keeping production at any such level except members of the groups now harassed to death with all manner of restrictions and crushing loads of taxation. The Administration is asking these men to accomplish the impossible at the same time that it is laying upon them burdens, financial and otherwise, almost unbearable. Is such a program likely to be helpful in winning the war?

Editorial—

Roosevelt's Promises To Youth

On Sept. 3, 1942, President Roosevelt broadcast a message from the White House to the young people of the International Student Assembly, who were meeting in Washington. The message was short-waved all over the world.

To the youth of the world the President promised that victory this time will not be thrown away and that political cynicism, timidity and incompetence will not be allowed to mar the shaping of a better world after the war.

To America's fighting men the President specifically promised that we do not propose to involve them, as last time, in a domestic mess of our own making.

Thinking people agree with the principles and ideals thus expounded by the President. But they also know that it is easy to make grandiose and sweeping promises without having thought out how to keep them. Could the situation be analagous to that of the very sick man who promised the doctor $100 if he would cure him—and then after a quick cure said the services rendered were worth only $5?

Suppose this war lasts for another five to ten years? It does not seem possible in view of the tremendous amounts of material and man-power which would be required. But suppose it does? How could anyone know now that we should not be in an economic mess? What would be the status of Government credit and of our money system? What about the untold taxes which would have to be paid by future generations?

No one questions the good intentions behind these promises to youth. All "pep" talks and "sales" talks are loaded with promises which have an unfortunate way of falling by the wayside along the road to fulfillment.

In the 1932 Presidential campaign, Mr. Roosevelt bitterly criticized the bureaucracy in Washington and the increasing national debt. He promised efficient government, fewer government employees, a balanced budget and a reduction in the national debt. Anyone acquainted with the facts at that time must have known that it would be impossible to keep such promises. Certainly Mr. Roosevelt knew the facts, just as he knows today's facts.

We would prefer to see the youth of the world "sold" by more substantial and lasting things than promises. We would like to hear more about personal integrity and high character. More about patriotism, love of country and of duty to our fellow men.

We also would like to hear something about cleaning up politics all over the country. This would tend to provide real inspiration for the youth of America.

Senate Committee Rejects Treasury Proposal For Spending Tax—Favors 5% "Victory Tax"

The Senate Finance Committee on Sept. 8 by a 12 to 0 vote rejected the Treasury's proposal for a spending tax, designed to yield $6,500,000,000 additional revenue, and for a further lowering of the exemptions from the income tax applying to family income.

Later the same day (Sept. 8) the Senate Committee tentatively voted in favor of a 5% "victory" levy on individual's gross income in excess of $624 a year. It was estimated that the 5% plan would boost Treasury receipts by $3,650,000,000, of which $1,150,000,000 would be refundable in a post-war credit. The 5% plan was offered by Senator George (Dem., Ga.), Chairman of the Committee, under the name "victory tax." It provides that all wages above $12 a week or $52 a month shall be subject to the levy and the amount withheld at the time wages are paid. The "victory tax" would be in addition to the regular income tax.

This action came after the Committee rejected a flat 5% general sales tax, proposed by Senator Guffey (Dem., Pa.) and had also disapproved a proposal by Senator Danaher (Rep., Conn.), to levy 10% against retail sales and collect this amount by the issuance of stamps which could be converted into bonds for post-war rebates.

The Treasury plan, as personally presented to the Senate Committee on Sept. 3 by Secretary Morgenthau, had the double purpose of bringing into the Treasury substantial additional funds out of the earnings and savings of the people and of discouraging unnecessary spending. It called for a flat 10% levy on consumer spending, which would reach into the lowest income groups above the level of bare existence, and a penalty tax for luxury spending at progressive rates ranging from 10 to 75% on expenditures in excess of an exemption of $1,000 for a single person, $2,000 for a married couple, and an additional $500 for each dependent. The flat 10% tax, estimated to yield about $4,500,000,000, was to be regarded as a debt to taxpayers and would be repaid in full after the war; the second part of the spending tax plan—the penalty tax—was calculated to yield some $2,000,000,000 annually in revenue which would not be refundable. Under the plan, the more a person saved the less he would be taxed. In addition, the Treasury had suggested that personal income tax exemptions be lowered to $500 for single persons, $1,000 for married couples and $250 for each dependent.

Immediate reaction of the Senate Finance Committee members to the plan, following its submission, was that it was too complicated and unworkable because of the many technical details in its structure and brought from them demands for a sales tax.

To these critics, Secretary Morgenthau, in a formal statement issued Sept. 5, replied that the spending tax "principle is simple, its logic is unassailable and its operation can be handled through the normal income-tax machinery." Pointing out the inadequacy of a sales tax, either as a revenue or anti-inflationary measure, Secretary Morgenthau said:

"A retail sales tax of 5% on all goods not now subject to heavy Federal excise taxes would, according to our estimates, raise only $1,635,000,000, even if it included sales of food, medicines, clothing and fuel. More than that, it would fail to tax many kinds of services, it would be grossly unfair in falling upon those with only $5 or $10 a week of earnings, it would play havoc with price ceilings, and it would have an utterly inadequate effect in discouraging consumer spending.

"The spendings tax, on the other hand, will bring four times as much money into the Treasury in a single year. It will tax all spendings, whether goods or services, above necessities and above savings. It will not affect price ceilings in any way. It will, I am convinced, exert such a restraining effect upon unnecessary spending that it will make thrift not only wise but fashionable. I know of no more effective way of insuring that the people tighten their belts in wartime and put their savings away until the war is over."

Mr. Morgenthau concluded by saying it was his firm belief that, "no matter what purely revenue devices Congress may adopt, we shall still face the necessity of enacting real and basic controls of spending along the lines I have suggested."

While the Treasury is opposed to a retail sales tax, Randolph Paul, General Counsel of the Treasury, reported to the Senate Committee on Sept. 3 that it considered a general retail sales tax preferable to other sales tax suggestions. Mr. Paul said that if such a levy was to be imposed, however, the Treasury believed that it should be a flat rate tax that would "apply to all retail sales of tangible personal property and to services rendered in conjunction with such sales, including repair, fabrication and installation services, and to the services of laundries, dry cleaners, barber shops and beauty parlors."

Meanwhile, the Senate Committee on Sept. 2 voted to exempt income from the mining of eight strategic war materials from the excess profits tax. The action, designed to increase production, was granted for manganese, tungsten, chromite, antimony, mercury, tin, platinum and vanadium.

The Senate group had rejected on Sept. 1 the Treasury's request for elimination of the present percentage depletion allowances granted on oil, gas and mining explorations and developments. Existing law provides a depletion allowance for oil and natural gas of 27½% of gross income; for sulphur, 23%; for metal mines, 15%; and for coal, 5%.

Previous reference to Senate Committee action on the tax bill was discussed in these columns of Sept. 3, page 899.

The State Of Trade

Current business activity is ruling at war peak, and equaling the record level reached last October, according to authoritative sources. Electric output keeps well ahead of last year, merchandise loadings expanded sharply and Detroit industrial activity maintained the record pace established early in the month.

During the week ended Aug. 29, the electric light and power industry produced 3,639,961,000 kilowatt-hours of electrical energy, according to the Edison Electric Institute. This was an improvement of 11.6% over the output in the corresponding week in 1941, but was fractionally below distribution in the previous week when power production totaled 3,673,717,000 kilowatt-hours. Greatest gains continued to be recorded in Pacific Coast areas, with this section showing a gain of 24.8% over last year's figures.

Loading of revenue freight for the week ended Aug. 29, totaled 899,419 cars, according to the Association of American Railroads. This was an increase of 30,015 cars over the preceding week this year, 13,310 cars below the corresponding week in 1941 and 130,644 cars above the like period two years ago.

This total was 125.33% of average loadings for the corresponding week of the 10 preceding years.

A more pronounced seasonal upturn took place in retail activity this week, with sales reaching the highest totals in several months as cooler weather spurred interest in fall merchandise, according to the weekly review of Dun & Bradstreet, Inc. The survey noted that the extension of sales gains to additional cities and a wider variety of merchandise frequently was accompanied by more liberal spending by consumers.

Reordering in wholesale markets picked up but did not fully reflect the retail rise as merchants continued their policy of reducing heavy inventories.

The important shifts in the distribution of purchasing power now occurring over various groups of the population is resulting in shifts of merchandising policies among retail stores.

It is reported that some are raising the quality of their merchandise to keep pace with the higher earnings of their customers. Others who carried merchandise in medium grade lines are going into lower grade goods to attract purchasing power from consumers who formerly could not buy in such stores, but now come close to affording such merchandise.

Official estimates of retail sales volumes in various lines provide a significant indication as to where the growing pressure of heavy purchasing power will be applied as buying power increases and civilian goods shrink.

Retail trade of all types will decline 5% this year from the level of last year, according to Department of Commerce estimates. The biggest decline, naturally, will occur in automobiles. A 76% drop is projected. Household appliances and farm implements will also lose sales as supplies diminish.

Sales of foods, jewelry, liquor and clothing, however, are expected to rise over last year. It is into these items that purchasing power will be concentrated when durable goods are depleted, observers state.

The Federal Reserve Board estimated that department store sales in the week ended Aug. 29 were 14% less than in the corresponding week last year.

This large decrease, officials said, probably was due to the fact that last year there was a wave of buying in anticipation of consumer credit restrictions which went into effect Sept. 1 of that year.

One of the outstanding developments of the week was the President's speech in connection with wages and farm prices. While a drastic ultimatum is presented to Congress on the issue of farm price control, no specific plan is submitted to solve the more important question of wage stabilization. Only an intention is asserted to act on this most serious single loophole in the drive against inflation. The President does remind Congress that annual wage and salary disbursements have risen from $43,700,000,000 in 1939 to $75,000,000,000 this year. While the total wage and salary outlays have thus risen by $31,300,000,000, farm income has risen by only $6,300,000,000 to $15,000,000,000.

It is believed that Congress would be quite justified in asking what the President proposes to do about wage stabilization, at the same time that it acts upon extending price ceilings to farm products at parity levels, or at reasonably higher levels where where prices have already advanced above parity. There is general agreement now that price stabilization is not possible while farm prices and wages continue to rise from month to month at a rapid rate. These two loopholes should have been closed months ago. By Oct. 1 wages and salaries, along with agricultural commodities, should be brought within the over-all ceiling imposed by the Emergency Price Control Act of 1942, either by legislation or executive action, if a really serious and sincere effort is to be made to avoid wartime price inflation.

War Loading Charges

In order to facilitate dispatch of essential war materials, the Office of Price Administration on Sept. 1 exempted from price control the rates and charges for stevedoring and for car loading and car unloading when these services are supplied under a contract for any war procurement agency.

Stevedoring and car loading and unloading when performed other than under a contract with a war procurement agency remain subject to price regulation, the OPA said.

Stops 85 Power Projects

The War Production Board on Aug. 21 ordered the stoppage of work on 85 public and private power projects, representing a total of 2,200,000 kilowatts scheduled for operation in 1943 and 1944.

Readjusting its entire war-time expansion program to reduce the amount of power available for war work as well as essential civilian needs, the WPB announced that its action had "substantially enhanced the probability of wide spread curtailment" in civilian use of electricity.

In reporting this action, Associated Press Washington advices of Aug. 21 said:

Under the readjusted program, WPB gave the go-ahead signal only to enough power projects to assure electricity for "war and indirect war production as now planned," with a "small margin" to care for possible additions to the present munitions program.

"It has been necessary to hold this margin to the minimum and the risks involved in such action represent the price that must be paid for releasing materials needed immediately for direct military uses," WPB said.

Indicating that luxury uses of power would be barred by the turn of the year, WPB declared that demands of the war program made it impossible to "preserve the standards of reliability of service observed in peacetime."

It added that "civilian inconvenience and sacrifice must be expected, particularly during periods of drought or other adverse weather conditions or in the event of serious accidents affecting utility systems."

By revising existing priority ratings on public and private power projects throughout the country, the WPB stepped up ratings on those regarded as urgently necessary and took action to prevent the others from obtaining critical materials needed immediately for war purposes.

A total of 5,500,000 kilowatts of new capacity is provided under the program for the remainder of this year, 1943, and early 1944. Of this total, 3,400,000 kilowatts represents private projects.

WLB Called Detriment To Real Production

William O'Neil, President of the General Tire and Rubber Co., of Akron, declared in Aug. 31 that the War Labor Board is a detriment to real production.

"It is composed of four representatives of management, four of labor and four representing the public," Mr. O'Neil said, according to the Associated Press. "The representatives of the public usually are college professors, who probably are as far out of touch as a class with the American public as any men could be. The men picked for membership as public representatives are usually more radical than the labor leaders on the board, because they have no knowledge of the business of producing.

"I'd much rather trust the judgment of some honest labor leader than some equally honest but theoretical college professor whose entire life has been spent in contact with books and not with men and conditions."

Mr. O'Neil made these observations in a statement issued to clarify his remarks at a luncheon where, the Akron "Beacon Journal" said, Mr. O'Neil observed that the WLB makes a racket possible in that management has lost the power to hire and fire.

CCNY Offers Special Course In Accounting

To meet the existing shortage of trained accountants the City College School of Business Evening Session is offering intensive training to perpare persons with bookkeeping backgrounds so that they may qualify for positions as Junior Accountants before the "peak load period" next January, according to an announcement by Dr. Robert A. Love, Director.

This training program was developed at the suggestion of the New York State Society of Certified Public Accountants. The opening date for these special courses has been advanced to Sept. 9 so that they may be completed by Dec. 23.

In addition to the course in Audit Theory and Practice, needed for positions in the office of public accounting firms, an intensive course in Industrial Cost Accounting will also be given from Sept. 9 to Dec. 23.

Refresher courses in Elementary Accounting and Advanced Accounting, Advanced Accounting Problems, Federal and New York State Income Taxes, The Important Business Taxes (New York City), The Excess Profits Tax and Other Special Income Tax Problems are available on regular registration dates, Sept. 14 to 23, from 7:00 to 9:00 p.m. Regular classes begin Sept. 24. For further information, write the Director of the Evening Session, the City College, 17 Lexington Avenue, New York City.

Aircraft Output Exceeds $5.2 Billion

The American aircraft manufacturing industry has produced an estimated $5,250,000,000 worth of airplanes, engines and propellers during the three years of the war, Col. John H. Jouett, President of the Aeronautical Chamber of Commerce, reported on Aug. 31. This is more than eight times the total production in the United States during the ten years before the start of the war on Sept. 1, 1939.

Col. Jouett declared:

"Production of this equipment by the old-line aircraft companies, now recognized as an industrial miracle, has sent more than 30 different types of combat aircraft into the war on all fronts; and today finds our machines waging an offensive war against the enemy over all continents and over all seas.

"While increasing numbers of combat planes are going to all fronts, the industry, working with the air forces of the Army and Navy, is carrying on engineering and development of new models which, with developments by our allies, will continue to keep us ahead of the enemy in both numbers and performance.

"Coming along with a very important contribution in subassemblies and other parts, as well as a percentage of completed engines and machines, other industries soon will swell aircraft production totals."

Col. Jouett also revealed these facts on production and expansion of the industry since the United States entered the war:

Plant space has been increased more than 25%.

Employment in the industry has increased more than 50%.

Between Pearl Harbor and July 1 the man-hours of work in the industry have increased about 75%.

Total horse power of engines produced has been raised nearly 75%.

The pounds of airplanes have been increased 150% during the same period.

Settlement Of Debts In Netherlands Outlined

The Netherlands Embassy in Washington on Aug. 30 issued a statement setting forth the procedure for settlement of debts owed to persons, firms or corporations in the occupied territory of the Netherlands.

The statement follows:

"Inquiries have been addressed to the Netherlands Embassy with respect to the proper method of settling debts and other financial obligations due to persons, firms and corporations in the occupied area of the Netherlands, and arising out of commercial transactons entered into prior to May 10, 1940.

"Under the royal Netherlands decree of May 24, 1940, title to claims which 'belong to natural or legal persons domiciled in the Kingdom of the Netherlands' is vested in the State of the Netherlands as represented by the Royal Netherlands Government. Persons in the United States having debts or financial obligations to persons, firms or corporations in the occupied territory of the Netherlands, and arising out of commercial transactions entered into prior to May 10, 1940, should effect settlement of such debts or obligations either by payment of the amount due to the account of the Netherlands Embassy — Royal Netherlands Government account —with the Chase National Bank of the City of New York, head office, New York City, or by payment of the amount due into an existing blocked account of the creditor with a banking institution in the United States, such account being subject to the provisions of the royal Netherlands decree of May 24, 1940.

"Notice of the payment so made should be mailed to the Netherlands Embassy, care of the Netherland Shipping & Trading Committee, N. Y., 25 Broadway, New York City.

"In connection herewith it should also be noted that the present United States Treasury regulations require the obtaining of licenses under the Executive Order 8389 of April 10, 1940, as amended.

"The text of the Netherlands royal decree of May 24, 1940, is contained in a circular of the Federal Reserve Bank of New York, No. 2091, dated July 2, 1940."

Seizes Japanese Assets

Japanese interests in a group of 30 American companies engaged in the import-export trade were seized on Sept. 2 by Leo T. Crowley, Alien Property Custodian.

Among them were three cotton companies, two petroleum companies, five shipping lines and several general importing and exporting companies. The firms best known in the United States were Mitsui & Co. and Mitsubishi Shoji Kaisha, American subsidiaries of two powerful companies in Japan, and for many years exporters of raw materials from the United States.

Following is a list of the companies:

Hinode Petroleum Co., Ltd., Los Angeles.
S. Ishimitsu Co., Los Angeles.
Orange Petroleum Corp., Dover, Del.
S. Hata Shoten, Ltd., Hilo, Hawaii.
I. Sekine Co., Inc., New York.
Asano & Co., New York.
Shinyei Corp., New York.
Kawasaki Kisen Kaisha, Ltd., New York, San Francisco and Seattle.
Asano Bussan Co., Ltd., New York.
Morimura Brothers, Inc., New York.
Kawasaki Kisen Kabushiki Kaisha, Ltd., New York, San Francisco and Seattle.
Iwai & Co., Ltd., New York.
Toyo Machine Co., Inc., New York.
S. Suzuki & Co., New York.
Katakura Corp., New York.
Mogi Mononoi & Co., Inc., New York.
Mitsui & Co., Ltd., New York.
K. Mikimoto, Inc., New York.
Akawo & Co., Inc., New York.
Yokohama Nursery Co., Ltd., York.
Mitsubishi Shoji Kaisha, Ltd., New York, San Francisco and Seattle.
Yamashita Lines, New York.
African Asiatic Co., Inc., New York.
Japan Tea Buying Agency, New York.
Gosho Co., Inc., Galveston.
South Texas Compress Co., Dallas.
Japan Cotton Co., Dallas.
Tsukawa & Co., Seattle.
Tsutakawa & Co., Seattle.
Yamashita Shipping Co., Seattle.

Signs Fraud Bill

President Roosevelt recently signed the legislation suspending temporarily the running of statutes of limitations applicable to offenses involving defrauding or attempts to defraud the Federal Government. Congressional action had been completed on Aug. 17 when the House accepted an amendment, inserted by the Senate in passing the bill on July 15, suspending until June 30, 1945, or sooner if Congress or the President so designates, the 3-year statute of limitations in Federal fraud cases. In originally voting the measure on June 1, the House specified the suspension for the period of the present war and for six months thereafter.

The legislation was enacted in view of the fact that during the last war a 3-year statute of limitations permitted numerous offenders to escape punishment.

President Says Cause Of United Nations Is Cause Of Youth Itself

President Roosevelt told the youth of the world on Sept. 3 that the "cause of the United Nations is the cause of youth itself" and that "the Nazi, Fascists and militarists of Japan have nothing to offer to youth—except death."

Addressing the International Student Assembly in Washington, including delegates from all the United Nations, and, by radio, the armed forces of the United States all over the world, the President warned that "this is to be a long and hard and bitter fight" but expressed the belief that, "with divine guidance, we can make—in this dark world of today, and in the new post-war world—a steady progress toward the highest goals that men ever imagined."

In a special message to the armed forces, Mr. Roosevelt promised that the Government will continue after the war its responsibility to provide jobs for those who are willing and able but cannot find work. He added that when America's fighting men come home "we do not propose to involve you, as last time, in a domestic economic mess of our own making."

"The better world for which you fight," the President continued, "will be made possible only by bold vision, intelligent planning and hard work."

Discussing the concept of the four freedoms and the basic principles of the Atlantic Charter, Mr. Roosevelt said that in these "we have set for ourselves high goals, unlimited objectives," which are "designed to form a world in which men, women and children can live in freedom and in equity and, above all, without fear of the horrors of war."

The President added:

"We have profited by our past mistakes. This time we shall know how to make full use of our victory. This time the achievements of our fighting forces will not be thrown away by political cynicism and timidity and incompetence."

With regard to "a handful of men and women, in the United States and elsewhere, who mock and sneer at the four freedoms and the Atlantic Charter," Mr. Roosevelt said:

"They play petty politics in a world crisis. They fiddle with many sour notes while civilization burns. These puny prophets decry our determination to implement our high concepts and sound principles, and the words of these little men of little faith are quoted with gleeful approval by the press and radio of our enemies."

In concluding his address, the President stated:

"We must maintain the offensive against evil in all its forms. We must work and we must fight to insure that our children shall have and shall enjoy in peace their inalienable rights to freedom of speech, freedom of religion, freedom from want, freedom from fear. Only on those bold terms can this total war result in total victory."

The text of the President's address follows:

"It may interest the members of this assembly of the International Student Service that, during the past week, the Axis radio has given unusual comment to your sessions and to the speech which you are hearing at this moment.

"Our listening stations have picked up an increasing volume of Axis broadcasts, including controlled stations in France. Hungary, the Netherlands and elsewhere, referring to this meeting of the younger generation from all the United Nations in terms of growing hate and, of course, complete falsehood.

"Our listening stations report that they expect at this moment the air in all Axis-dominated nations will be thoroughly jammed—blacked out—in order that no sound of what I am saying either in English or in translation will be heard by any restless young people who are under Hitler's heel.

"The Nazi radio in Paris, for example, tells the youth of France that Roosevelt was solely responsible for the defeat of France; that Roosevelt is not qualified to address a message to the youth of the world because America is a nation that has done nothing for youth.

"Berlin reports that four French youth organizations have protested in advance against this speech, since Roosevelt must be blamed for the death of more than one hundred thousand young Frenchmen. Incidentally, it would be interesting to know how many real Frenchmen there are in these so-called French youth organizations.

"A radio in Tokio says that I am admitting to you at this moment that my people are decadent—weaklings — playboys—spoiled by jazz music and Hollywood pictures. Of course, this broadcast did not originate from any of the Japanese who bumped into our playboys in the Southwest Pacific.

"The reason for this hysterically defensive attitude toward this gathering is not hard to find. For many years they have made their hypocritical appeal to youth—they have tried with all their blatant publicity to represent themselves as the champions of youth.

"But now the world knows that the Nazis, Fascists and the militarists of Japan have nothing to offer to youth—except death.

"On the other hand, the cause of the United Nations is the cause of youth itself. It is the hope of the new generation—and the generations that are to come—hope for a new life that can be lived in freedom and justice and decency.

"This fact is becoming clearer every day to the young people of Europe, where the Nazis are trying to create youth organizations built on the Nazi pattern. It is not a pattern devised by youth for youth. It is a pattern devised by Hitler and imposed upon youth by a form of mental forcible feeding—a diet of false facts, distortions and prohibitions — all backed up by the guns of the Gestapo.

"If you have any doubt as to what the decent youth of Europe think about the false promises the Axis masters make to the young people of the world, look to the brave young men of France and all the occupied countries who prefer to face the firing squads rather than a lifetime of slavery and degradation under Hitler.

"In such unfortunate countries as Finland, Hungary, Bulgaria, Rumania and Italy, whose governments have found it necessary to submit to Hitler and do his bidding, the Quislings have organized youth movements, too—but these are only movements of youth by the tens of thousands to the slaughter of the Eastern front, where the Nazis need cannon-fodder in their desperate attempts to shatter the stalwart Russian Army.

"In China, heroic youth has stood steadfast for more than five years against all of Japan's attempts to seduce and disarm them with such transparent lies as the promise of 'Asia for the Asiatics.' For the Chinese know that this only means 'All of creation enslaved by the Japanese.'

"We exult in the thought that it is the young, free men and women of the United Nations, and not the wound-up robots of the slave States, who will mold the shape of the new world.

"The delegates to this International Student Assembly represent the twenty-nine United Nations. They also represent, in spirit at least, the younger generation of many other nations who, though they are not now actively at war on our side, are with us heart and soul in aspiration for a secure and peaceful world.

"Before the first World War, very few people in any country believed that youth had the right to speak for itself as a group or to participate in councils of State.

"We have learned much since then. We know that wisdom does not come necessarily with years; that old men may be foolish and young men may be wise. But in every war it is the younger generation which bears the burden of combat and inherits all the ills that war leaves in its wake.

"In the economic crises that followed the false prosperity after the first World War many young men and women suffered even more than did their elders. For they were denied the primary opportunites for education; for training, for work or even for food enough to build up healthy bodies.

"As a result they were tempted to seek some simple remedy not only for their own individual problems, but for all the problems that beset the world. Some listened to alien, siren voices which offered glib answers to all the questions.

"'Democracy is dead,' said these voices. 'Follow us, and we will teach you efficiency. We will lead you to world conquest. We will give you power over inferior races. And all that we ask you to give in return is—your freedom.'

"Other young people in the democracies listened to gospels of despair. They took refuge in cynicism and bitterness.

"However, the day finally came when all theory had to give way to fact—the terrible, tangible fact of dive bombers, panzer divisions, the actual threat to the security of every home and every family in every free country in the world. And when that fact became clear to our youth they answered the call to arms — many millions of them; and, today, they are determined to fight until the forces of aggression have been utterly destroyed.

"What I am saying here in Washington is being heard by several million American soldiers, sailors and marines, not only within the continental limits of the United States, but in far distant points—in Central and South America, in the islands of the Atlantic, in Britain and Ireland, on the coasts of Africa, in Egypt, in Iraq and Iran, in Russia, in India, in China, in Australia, in New Zealand, in many islands of the Pacific and on all the seas of the world. There—in all those places—are our fighting men.

"And to them I should like to deliver a special message, from their Commander in Chief, and from the very hearts of their countrymen:

"You young Americans today are conducting yourselves in a manner that is worthy of the highest, proudest traditions of our nation.

"No pilgrims who landed on the uncharted New England coast, no pioneers who forced their way through the trackless wilderness, showed greater fortitude, greater determination, than you are showing now.

"Neither your own fathers, in 1918, nor your fathers' fathers, in 1863 or 1776, fought with greater gallantry or more selfless devotion to duty and country than you are now displaying on battlefields far from home.

"And what is more, you know why you are fighting. You know that the road which has led you to the Solomon Islands, or the Red Sea, or to the coast of France, is in fact an extension of Main Street, and that when you fight, anywhere along that road, you are fighting in the defense of your own homes, your own free schools, your own churches, your own ideals.

"We here at home are supremely conscious of our obligations to you, now and in the future. We will not let you down.

"We know that in the minds of many of you are thoughts of interrupted education, interrupted careers, delayed opportunities for getting a job. The solution of such problems can not be left, as it was last time, to mere chance. This Government has accepted the responsibility for seeing to it that, wherever possible, work has been provided for those who were willing and able, but who could not find work. That responsibility will continue after the war. And when you come home, we do not propose to involve you, as last time, in a domestic economic mess of our own making.

"You are doing first things first—fighting to win this war. For you know that should this war be lost, all our plans for the peace to follow would be meaningless.

"Victory is essential; but victory is not enough for you—or for us. We must be sure that when you have won victory, you will not have to tell your children that you fought in vain—that you were betrayed. We must be sure that in your homes there will not be want—that in your schools only the living truth will be taught—that in your churches there may be preached without fear a faith in which men may deeply believe.

"The better world for which you fight—and for which some of you give your lives — will not come merely because we shall have won the war. It will not come merely because we wish very hard that it would come. It will be made possible only by bold vision, intelligent planning and hard work. It can not be brought about overnight; but only by years of effort and perseverance and unfaltering faith.

"You young soldiers and sailors, farmers and factory workers, artists and scholars, who are fighting our way to victory now, all of you will have to take your part in shaping that world. You will earn it by what you do now; but you will not attain it if you leave the job for others to do alone. When you lay aside your gun at the end of the war, you can not at the same time lay aside your duty to the future.

"What I have said to our American soldiers and sailors applies to all the young men and women of the United Nations who are facing our common enemies. There is a complete unanimity of spirit among all the youth of all kinds and kindreds who fight to preserve or to regain their freedom.

"In Norway and Holland, Belgium and France, Czecho-Slovakia and Poland, Serbia and Greece, there is a fighting spirit that defies the harsh oppression, the barbarous cruelty and terrorism of the Nazis. Although disarmed, the unconquerable people still strike at their oppressors. Although forbidden to know the truth, they listen at the risk of their lives to radio broadcasts from afar, and, by word of mouth and by secret newspaper passed from one patriot to another, they still spread the truth. When the time comes for these peoples to rise, Hitler's new order will be destroyed by the hands of its own victims.

"Today the embattled youth of Russia and China are realizing a new individual dignity, casting off the last links of the ancient chains of imperial despotism which had bound them so long.

"This is a development of historic importance. It means that the old term, 'western civilization,' no longer applies. World events and the common needs of all humanity are joining the culture of Asia with the culture of Europe and of the Americas to form, for the first time, a real world civilization.

"In the concept of the four freedoms, in the basic principles of the Atlantic Charter, we have set for ourselves high goals, unlimited objectives.

"These concepts and these principles are designed to form a world in which men, women and children can live in freedom and in equity and, above all, without fear of the horrors of war. For no soldiers or sailors, in any of our forces today, would so willingly endure the rigors of battle if they thought that in another twenty years their own sons would be fighting still another war on distant deserts or seas or in far away jungles or skies.

"We have profited by our past mistakes. This time we shall know how to make full use of victory. This time the achievements of our fighting forces will not be thrown away by political cynicism and timidity and incompetence.

"There is still a handful of men and women, in the United States and elsewhere, who mock and sneer at the four freedoms and the Atlantic Charter. They are few in number; but some of them have the financial power to give our enemies the false impression that they have a large following among our citizenry. They play petty politics in a world crisis. They fiddle with sour notes while civilization burns. These puny prophets decry our determination to implement our high concepts and sound principles. And the words of these little men of little faith are quoted with gleeful approval by the press and radio of our enemies.

"We are deeply aware that we cannot achieve our goals easily. We cannot attain the fullness of all our ideals overnight. We know that this is to be a long and hard and bitter fight—and that there will still be an enormous job for us to do long after the last German, Japanase and Italian bombing planes have been shot to earth.

"But we do believe that, with divine guidance, we can make—in this dark world of today, and in the new post-war world—a steady progress toward the highest goals that men have ever imagined.

"We of the United Nations have the technical means, the physical resources, and, most of all, the adventurous courage and the vision and the will that are needed to build and sustain the kind of world order which alone can justify the tremendous sacrifices now being made by our youth.

"But we must keep at it—we must never relax, never falter, never fear—and we must keep at it together.

"We must maintain the offensive against evil in all its forms. We must work and we must fight to insure that our children shall have and shall enjoy in peace their inalienable rights to freedom of speech, freedom of religion, freedom from want, freedom from fear.

"Only on those bold terms can this total war result in total victory."

Curb Govs. Approve New Nominating Rule

At its meeting on Sept. 2 the Board of Governors of the New York Curb Exchange approved proposed amendments to the Constitution which permit an associate member to nominate for regular membership in the Exchange a general partner of his firm. If approved by the membership, the amendments will become effective in two weeks.

To Extend Coffee Pact

The Inter-American Coffee Board meeting in Washington on Sept. 2 approved a resolution recommending the continuance of the coffee agreement for another year. The agreement will expire on Sept. 30, 1943, and the resolution would extend it until Sept. 30, 1944. Under the agreement the United States market is divided among the 14 Latin-American coffee producers.

The recommendation now goes to the governments of the 14 producing countries and the United States for approval.

Purcell Calls For Proxy Rule Changes To Prevent Corporate Mismanagement

Ganson Purcell, Chairman of the Securities and Exchange Commission, declared on Sept. 3 that the proxy machinery has been "sadly prostituted" by corporate management excesses, in the form of compensation, bonuses and commissions, and that in an effort to curb these practices the SEC is proposing new rules "to enable stockholders themselves to control the actions of management."

Mr. Purcell disclosed this in an address before the convention of the National Association of Securities Commissioners at St. Paul.

His talk follows in part:

"Corporate management has often been inclined to forget its responsibility to its stockholders—the owners of the enterprise on whose behalf the management operates. Vast improvements have, it is true, been brought about in various fields to one degree or another, but there is still much to be done. Furthermore, in time of war, management has a new responsibility to an even larger group of people—to the whole public—who, after all, are the government. For, in time of war, government draws on the greater bulk of the productive capacity of our industries.

"We see more and more today instances of management feathering its nest at the expense of its stockholders, as well as that of the Government. I do not need to detail for you any of the outstanding examples of this sort of thing which have been brought to light by Congressional investigating committees, and by other agencies of the Government. They all follow the familiar pattern of excessive compensation and allowances for expenses, bonus arrangements, sales commissions, and other pecuniary perquisites which management votes for itself, entirely without the knowledge of the stockholders. The tendency during the war has been to increase this sort of thing rather than to curtail it. The result of this kind of practice is to reduce the return to the stockholders and, at the same time, to fail to build up the financial reserve which will become increasingly important to the ability of corporations to ride out the economic storms ahead.

"In some fields of corporate activity there has been developed over a period of years a degree of governmental supervision which minimizes the possibility of this sort of thing. In the public utility field, for instance, the development of public service and securities commissions in the various States, with jurisdiction over the rates, accounting practices and financing of public utility companies, has reduced the possibility of dealing lightly with corporate property. These protective steps by the individual States have now been supplemented by the functions of the Federal Power Commission and the Securities and Exchange Commission in supervising the interstate activities and other aspects of the public utility business which are beyond the control of the States. As a result of this progress, it can be safely said today that certainly in this field legerdemain of the type that I refer to cannot be engaged in with any degree of abandon. And while we, in the course of our day-to-day work in the utility holding company field, are still necessarily reminded of the sins of the past, I do not believe that scandal or corruption is the present-day practice.

"In the general industrial field, however, government has presently no mechanism for effectively exerting control over corporate mismanagement, and over those practices which result in defrauding of the Government and the people. It must be remembered that, to the extent that liberties are taken today with the conservation of corporate funds, the Government will ultimately pay the bill in the form of excessive costs under contracts for production or because of evasion of tax liability.

"One method of exerting control over such practice—limited though it may be—is open to us within the framework of existing legal authority. We at the Commission believe that it is possible through exercise of our authority to enable stockholders themselves to control the actions of management. Patriotic stockholders, I am convinced, will avail themselves of any opportunity which we may give them to curb these tendencies to the extent of their ability. I have reference to the proper use of the proxy machinery. Theoretically, the proxy device was set up to enable the far-flung ownership of a corporation to participate in the direction of its affairs. As we all know, it has been sadly prostituted. It has become a device for the perpetration and concealment of the very things that I am talking about. The staff of our Commission has been studying this situation for several years in the light of our somewhat limited powers under the Securities Exchange Act. Recently they have circulated to all listed corporations and to many other interested persons a draft of new rules governing the solicitation of proxies by listed companies, which if they meet the test of the practicalities of proxy solicitation should go far toward giving stockholders accurate and complete information so as to enable them to curb the development of these practices.

"Such rules cannot, of course, stop these excesses. However, they can, we believe, act as a deterrent."

Warns On Violating Freezing Regulations

The Treasury Department reported on Sept. 1 that persons in the United States have been unintentionally violating the freezing regulations by sending securities, currency, checks, drafts, and promissory notes to persons in Switzerland, Spain, Portugal, Sweden, and other European countries which are frozen under Executive Order No. 8389.

Public Interpretation No. 6, issued by the Treasury Department on August 31, 1942, makes clear that the above-mentioned financial instruments may be sent to blocked European neutral countries only pursuant to a Treasury Department license. Treasury officials stated that as a general policy the Treasury Department does not issue specific licenses permitting the sending of securities, currency, checks, drafts, or promissory notes to blocked neutral European countries. Exception may be made in certain cases, however, to permit the collection of foreign securities and coupons.

It was pointed out that under this interpretation Foreign Funds Control was not stopping all types of remittances and payments to neutral European countries. Such remittances may be made in certain cases through established banking channels under appropriate Foreign Funds Control general or specific licenses. Such licenses, however, require that the payment be effected by means of non-negotiable mail or cable payment orders addressed to a bank in the country in which the payment is to be made.

SEC Summary Of Proposed Proxy Rule Revision

The Securities and Exchange Commission released in Philadelphia on Sept. 3 a summary of the proposed revision of proxy rules, together with the text of the rules. Their issuance was simultaneous with the address by SEC Chairman Ganson Purcell, before the Securities Commissioners' meeting in St. Paul, calling for a revision of the proxy rules in order to curb abuses by corporate management.

The Commission's statement summarizing the proposed revisions follows:

"First, the rules with respect to the disclosure of management compensation are proposed to be revised. The disclosures by various Congressional investigating committees of practices involving disproportionately high compensation paid to management and employees of corporations engaged in war work have resulted in widespread investor demand for more information concerning the salaries of officers and directors. The present rules are inadequate to meet this demand since they give information only with respect to directors who are nominees for office and then only if the director receives one of the three highest remunerations paid to any officer, director, or employee. The proposal would require information concerning the salaries of all officers and directors of the company and would, in addition, require tabulation by salary groups of all salaries of officers, directors, or employees receiving compensation in excess of $25,000 a year. In this connection, the amount of compensation would be required to be shown in tabular form, separating salaries and bonuses on one hand from other forms of remuneration, such as retirement plans, options, and loans. The rules would also expand the requirements concerning disclosure of dealings with the corporation by officers and directors and their associates. The present rules require such disclosure only when property is sold to the corporation. The proposed amendment would require disclosure of all dealings with the corporation accompanied by details with respect to transactions which are material. The definition of "associate" in the present rules has been broadened to include trusts and estates of which a director is a fiduciary and corporations of which a director is an officer.

"Second, the proposed rules would require that proxy soliciting material be accompanied by a report of the activities of the corporation during the preceding year, including comparative financial statements. The substantial nature of the changes which have occurred in the business of listed corporations during the period of adjustment to war production makes it essential that stockholders be informed of such changes. The proposal would require that material in the nature of the ordinary annual report to stockholders be filed with the Commission as part of the proxy soliciting material. In general, most listed corporations make such reports to their security holders. In such cases, the rule will merely make it necessary that those reports be filed as part of the proxy soliciting material. On the other hand, corporations which have not made such reports will be required to make them.

"It is anticipated that the proposal will result in considerable simplification and consolidation of reports. At present, many corporations are in the habit of preparing three documents: (1) an annual report to stockholders; (2) a proxy statement, and (3) an annual report to the Commission on Form 10-K. Under the proposed rules it will be possible to merge the first two documents. If the proposal is finally adopted, the Commission will have an opportunity to permit this document to be filed in lieu of most of the information presently called for by Form 10-K. In that event, the single document which is the annual report to stockholders and the proxy statement can also be used as the 10-K report merely by making a few additions in the form of exhibits or schedules. It is appreciated that in some cases reasons of practical necessity will require the mailing of the annual report in advance of the direct solicitation of proxies and the rules make provision for such a procedure. However, it is expected that in most cases the single document can be used.

"Third, the rules propose an extension of the rights of stockholders not connected with the management. At present, in the event that a stockholder advises the management of his intention to submit a proposal to his fellow stockholders for action at a stockholders' meeting, the management must include in its proxy soliciting material a statement of the proposal and an opportunity to security holders to vote on the proposal. It is intended in the proposed rules to give such a stockholder the right to include

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a 100 word statement as to the reasons for the resolution he proposes. The management will, of course, retain its present right to comment in opposition at such length as it sees fit. The proposed rules also require that minority stockholders be given an opportunity to nominate directors or auditors to be submitted to their fellow stockholders be means of a proxy. Minority stockholders proposing such officers or auditors will, of course, be required to give the information about such officers and auditors required by the rules. Limitations on the number of nominations which can be made by minority stockholders may be imposed by the management on some fair and equitable basis.

"Other suggestions are the following: (a) The present form of proxy rules requires a ballot vote on all proposals submitted to stockholders for action. While the ballot form has become familiar to stockholders during a period of approximately four years, some managements have failed to follow the general practice, and have adopted procedures which encourage signature in blank rather than execution of the ballot. Under the present rules, a number of managements have drafted proxies so that the failure of a security holder to indicate how he desired his vote cast on a particular proposal vested authority in the management to vote the proxy in support of its position on the proposal. Many investors have commented that management should be permitted to vote only those proxies specifically marked. It is proposed that this suggestion be adopted as part of the amended rules.

"(b) Although Section 14 does not require such a limitation, the present rule has an exemption for solicitations without use of the mails or interstate commerce. In some cases this has worked unfairly. Minority stockholders have, on occasion, solicited in opposition to managements without use of the mails and have thus avoided complying with the proxy rules, while the management was giving complete information. Similarly, managements with close to the quorum requirements in their own hands have avoided disclosures to their stockholders by soliciting the additional votes necessary for a quorum without use of the mails or the facilities of interstate commerce. It is proposed, therefore, that this exemption be abolished. In the case of stockholders desiring merely to represent a few friends, relatives, or business associates, an exemption is given for solicitation of not more than ten persons.

The remaining amendments are minor, largely for purposes of clarifying and codifying existing requirements.

Nat'l Bank Assets Up; Loans Show Decline

The total assets of national banks on June 30 of this year amounted to nearly $45,000,000,000, it was announced Sept. 1 by Comptroller of the Currency Preston Delano. Returns from the call covered the 5,107 active national banks in the United States and possessions. The assets reported were greater by $1,662,000,000 than those reported by the 5,115 national banks on April 4, 1942, the date of the previous call, and showed an increase of $3,844,000,000 over the amount reported by the 5,136 active banks on June 30, 1941.

The Comptroller's announcement continued:

"Loans and discounts as of the current call date were $10,902,000,000, a decrease of $667,000,000 since April, 1942, and a decrease of $20,000,000 since June of last year.

"The deposits totaled $40,659,000,000, excluding reciprocal interbank demand depposits of $439,000,000. The banks were required to report reciprocal bank balances on a net basis in response to the call for June 30, 1942, the first time since 1921. The amounts of such balances in the interim, however, are not available but on a comparative basis the recent figures show increases in deposits in the three and twelve month periods of $1,621,000,000 and $3,747,000,000, respectively. The deposits consisted of demand and time deposits of individuals, partnerships and corporations of $21,945,000,000 and $7,841,000,000, respectively, United States Government deposits of $1,175,000,000, deposits of States and political subdivisions of $2,742,000,000, postal savings of $14,000,000, certified and cashiers' checks, cash letters of credit and travelers' checks outstanding of $443,000,000, and deposits of banks, excluding reciprocal balances, of $6,499,000,000.

"Investments by the banks in United States Government obligations, direct and guaranteed, as of June 30, 1942, aggregating $14,929,000,000, were $2,147,000,000 more than in April 1942, and $3,793,000,000 more than the amount held a year previous. The direct and indirect obligations held on June 30 last were $13,300,000,000 and $1,629,000,000, respectively. Other bonds, stocks and securities held totaling $3,714,000,000, including obligations of States and political subdivisions of $1,961,000,000, showed decreases in the three and twelve month periods of $129,000,000 and $104,000,000, respectively.

"Cash of $728,000,000, balances with other banks, excluding reciprocal balances, of $6,099,000,000, and reserve with Federal Reserve banks of $7,489,000,000, a total of $14,316,000,000, increased $345,000,000 since April of this year and $234,000,000 since June 1941.

"Bills payable, rediscounts and other liabilities for borrowed money of $2,000,000 showed a decrease of $10,000,000 since April, but was about the same as in June last year.

"The unimpaired capital stock of the banks was $1,508,000,000, including $152,000,000 preferred stock. Surplus of $1,411,000,000, undivided profits of $516,000,000, and reserve accounts of $245,000,000, a total of $2,172,000,000, increased $11,000,000 since April and $97,000,000 since June 1941.

"The percentage of loans and discounts to total deposits on June 30, 1942, was 26.81, in comparison with 29.31 on April 4, 1942, and 29.24 on June 30, 1941."

Meat Rationing And Quota Sales Proposed

Consumer rationing of meat within four months, establishment of quotas for sales by packers to civilian markets and voluntary conservation of meats by civilians were unanimously recommended to the War Production Board on Aug. 31 by its Food Requirements Committee.

The Committee, of which Secretary of Agriculture Wickard is Chairman, made these recommendations after six weeks of study of the demand and supply meat situation.

The proposed program has two main objectives:

1. Assure adequate meat supplies for the United States Army and Navy and, through lend-lease, other allied nations; and

2. Equitably distribute the remaining supply of meat for civilian consumption.

Since the Office of Price Administration is not expected to institute its rationing program before Jan. 1, 1943, the Committee called on civilians to voluntarily conserve the so-called "red meats"—beef, veal, pork, lamb and mutton—by substituting cheese, poultry, fish and beans for part of their meat requirements. It did not rule out the possibility of "meatless days."

The WPB is expected to issue within two weeks a conservation order establishing quotas for sales of meats by packers to civilian markets. The proposed conservation order, it was explained, "will allow packers to supply civilians with as much meat per capita as they have eaten on the average in the past 10 years. It will give our civilians approximately 2½ pounds of meat per person per week."

In a move designed to prevent the evasion of existing and forthcoming price regulations, the OPA ordered on Sept. 3, that effective Sept. 8, the entire meat industry be brought under unified licensing control.

Since retailers are now licensed under the general maximum price regulation, they are excluded from the OPA order, which automatically licenses all packers, wholesalers and custom slaughterers and makes the license a required condition for selling any meat or meat product subject to price regulations. At present this includes dressed hogs, beef, veal and lamb carcasses and virtually all wholesale and retail cuts except mutton. The regulation provides for suspension of licenses in the event of violation of price regulations.

Coincident with the move, the OPA announced it had filed injunction suits in Federal courts in sixteen cities to force more than 100 meat packers and distributors to comply with price regulations. The agency said most of the cases involved so-called up-grading of beef and veal and overcharging.

Secretary Wickard issued the following statement of facts about meat output and meat demand:

"1. The total supply is the largest on record. Livestock production is the greatest in history. Packers are handling and will handle more meat than ever before. For the present marketing year the meat output of America will be more than 24,000,000,000 pounds.

"2. The total demand is also the largest on record. Our fighting forces need large quantities of our meat. Our allies need large supplies. Military and lend-lease schedules now call for about 6,000,000,000 pounds, and may go higher if ships become available. On top of that, our civilian population, with the highest incomes on record, working harder than ever before, want more meat than ever before. They would take about 21,000,000,000 pounds this year.

"3. The total demand adds up to more than the total supply, 27,000,000,000 pounds of demand; 24,000,000,000 pounds of supply.

"4. We can't take the meat away from our fighting men. Also, we must keep sending our allies enough to sustain their war effort.

"The first problem before the Committee, then, is how to make sure that the supply is managed so that our fighting men and their allies get their minimum requirements.

"The Committee's decision is a WPB conservation order, limiting the amount that packers can sell into civilian trade in this country. The Committee recommended that it be issued as soon as possible. It will allow packers to supply civilians with as much meat per capita as they have eaten on the average in the past 10 years. It will give our civilians approximately two and one-half pounds of meat per person per week, as contrasted with the one pound to the British civilian, twelve ounces to the German, five ounces to the Belgian. It is an adequate meat supply. When you add in the increased supply of poultry and cheese and dry beans we have, it provides a top-notch protein diet for us.

"But still, the civilian meat supply will be less than civilians would buy.

"Therefore, the second problem before the Foods Requirements Committee is how to assure fair distribution of the supply among the people of the country. We ought to manage the supply so that the housewife who can't get to the store until afternoon won't be forced to do without; so that every one has a chance to buy his fair share of the total. Also we must see that the supply is divided evenly throughout the year. That is, if civilians eat unlimited amounts of meat during the heavy marketing season this winter there may be serious civilian shortage next spring and summer when livestock marketings will decline, as they always do, at that time of year.

"Here are the Committee's conclusions on how the meat supply should be managed to assure fair distribution among consumers and among seasons:

"1. Completely fair distribution can best be assured by rationing. As soon as it can be made ready, we should install a program of meat rationing. But rationing cannot be made ready in less than four months.

"2. Meantime, there is need for voluntary conservation of meat."

President Roosevelt, at his press conference on Aug. 28, said that "meatless days" would be one way to save cargo space. He estimated that 30 to 40 ships now engaged in carrying meat to the United Nations from Argentina, New Zealand and Australia could be released for transporting war materials if most of the meat were shipped from this country.

Kanzler In WPB Post

Appointment of Ernest Kanzler as Director General for Operations of the War Production Board was announced on Sept. 2 by Chairman Donald M. Nelson. He succeeds Amory Houghton, who resigned, effective Sept. 15, in order to return to his position as Chairman of the Board of the Corning Glass Works (see issue of Sept. 3, page 824). Mr. Kanzler, who has been serving as deputy chairman on program process, will have supervision over all WPB operations carried out through industry branches and materials branches. He has held two other positions with the WPB—as chief of the Automotive Branch and as regional director in Detroit where he had direct charge of conversion of the automobile industry to war production.

He served as President of the Universal Credit Corp. from 1928 until he became identified with the WPB. Previously he was Vice President in charge of production for the Ford Motor Co.

WPB Approves Plan To Regulate Inventories

The War Production Board has approved a plan to regulate inventories of finished civilian goods in the hands of wholesalers and retailers, Chairman Donald M. Nelson announced on Sept. 4.

The program, Mr. Nelson said, will contribute towards an equitable distribution of inventories throughout the country and can be accomplished through sound merchandising operations without unnecessary hardship or difficulties.

Acting on the basis of recommendations of the special Wholesale and Retail Inventory Policy Committee of the Office of Civilian Supply, which undertook a six weeks' investigation of civilian goods inventory problems throughout the country, Mr. Nelson said that WPB is working on two steps looking toward the balancing and limiting of all wholesale and retail inventories. They are:

1. The issuance of an order requiring quarterly inventory and sales reports, accompanied by a statement of what the War Production Board considers to be a "normal" inventory. That inventory for each concern would be its present total-company stock related to its current rate of sales in the same proportion as stock was to sales in the corresponding quarter of the years 1939-40-41 averaged.

2. The development of a second order, for possible use if an analysis of the reports discloses a need for such formal control and enforcement in order to maintain "normal" inventories, along the lines recommended by the special committee. The committee recommended that any such order, if issued, should become effective about the first of the year unless the information revealed by the quarterly inventory and sales reports indicates that suffering progress has been made voluntarily by distributors themselves toward the government's objectives.

At the same time, Mr. Nelson announced WPB approval of another phase of the committee's report calling for quarterly inventory and sales reports by manufacturers of finished civilian goods, and for an immediate inquiry into and testing of the applicability of some form of limitation to manufacturers' inventories.

"Such action is deemed essential as the committee seriously questions the effectiveness of any plan limiting wholesale and retail inventories which does not include those of manufacturers," the report states. "This doubt is caused by the wide extent of vertical integration of wholesaling and retailing with manufacuring and by the likelihood of informal or secret stock - carrying arrangements."

The committee recommended two general exemptions from the plan:

1. Any manufacturer or merchant regardless of type of business whose total sales for the twelve-month period ending Sept. 30, 1942 (or the end of any subsequent month) were less than $100,000 or whose inventory on the same date was less than $25,000 at cost value.

2. Regardless of size of volume: Merchants primarily engaged in the food business, eating and drinking places, second-hand stores, florist shops, antique shops, service establishments, steel or other raw metal warehouses, dealers in motor vehicles or replacement parts, hay, grain and feed stores, farm implement dealers, and merchants handling fuel oil, coal and other kinds of fuel; manufacturers of food products, agricultural implements, motor vehicles or replacement parts, and refiners or processors of petroleum products.

The reporting stage of the program would consist of collecting, analyzing and interpreting the inventory and sales data of merchants and manufacturers in order to provide information on inventory-sales relationships during the base period, permit comparison of the current inventory-sales relationships with those of the base period, and allow time to study the administrative problems that would be connected with any plan for a formal inventory limitation order.

The second stage of the treatment of the problem, if the analysis of the reports shows that it is necessary, would involve actual installation and administration of a limitation order. The committee recommended that if such an order is decided upon, it become effective at the end of the quarter beginning Dec. 1, 1942, Jan. 1, 1943, or Feb. 1, 1943, the exact date depending upon an "inventory reporting year" selected by each merchant.

The committee stated that it desired to make a prompt recommendation on inventory limitation in order "to facilitate proper planning and placing of forward orders as well as orderly balancing of stocks by merchants and manufacturers." It recommended that further study be made, because of special problems involved, of four classes of merchandise before any formal limitation order is considered for them, but said that they should be included in the reporting period of the program.

These classes include goods now under inventory limitation through the operation of Order L-63, which restricts inventories of 19 classes of supplies held by wholesalers, jobbers, dealers, retailers or branch warehouses; goods frozen or restricted as to sale by rationing or priorities under previous government orders; goods which are stockpiled under previous orders, and alcoholic beverages.

August Failures Show Continued Decline

August business failures continue the trend that has been in evidence for some months and are lower than in July and a year ago, both as to the number and amount involved. Business insolvencies in August, according to Dun & Bradstreet, Inc., totaled 698 and involved $6,781,000, liabilities, as compared with 764 involving $8,548,000 in July and 954 involving $11,134,000 in August 1941.

The falling off in number from July took place in all divisions except only the Construction division. When the amount of liabilities is taken into consideration all divisions recorded a decrease from a month ago except the manufacturing division.

Manufacturing failures last month numbered 119, involving $2,249,000 liabilities, compared with 120 in July with $2,078,000 liabilities. Wholesale insolvencies decreased to 61 with $999,000 liabilities from 64, with $1,021,000 liabilities in July. In the Retail trade section, failures were down to 405 from 465 in July and liabilities to $2,475,000 from $3,950,000 a month ago. Construction insolvencies numbered 66 with $520,000 liabilities, which compares with 63 with $584,000 liabilities in July. Commercial Service failures numbered 47 with $538,000 liabilities, as against 52 with $915,000 liabilities in July 1942.

When the country is divided into Federal Reserve districts it is seen that eight districts had fewer insolvencies in August than in July while the St. Louis, the Minneapolis and the Dallas Reserve districts had more and the Cleveland Reserve District had the same number. When the amount of liabilities is considered the Chicago, Minneapolis, St. Louis and Dallas Federal Reserve districts had greater liabilities, while all the remaining districts had a smaller amount involved.

Reciprocal Lend-Lease Pacts Signed

A series of reciprocal lend-lease aid agreements, formalizing the principles of mutual assistance against the enemy, were concluded by the United States on Sept. 3 with Great Britain, Australia, New Zealand and Fighting France. The agreements specify and formalize the principles and procedures covering aid to the armed forces of the United States by the other parties to the agreements on the same terms as those under which the United States supplies lend-lease aid to them.

The British, Australian and New Zealand agreements were concluded in Washington by exchanges of notes between Secretary of State Hull, British Ambassador Lord Halifax, Australian Minister Sir Owen Dixon and New Zealand's Minister, Walter Nash. The agreement with Fighting France was concluded in London by Brig.-Gen. John E. Dahlquist, acting military representative of the United States and Maurice de Jean, representing the French National Committee headed by Gen. Charles de Gaulle.

A State Department announcement explained:

"Each of these argeements, specifies that the general principle governing the provision of mutual aid is that the war production and war resources of each contracting party should be used in ways which most effectively utilize the available materials, manpower, production facilities and shipping space.

"The agreements further specify that a maximum of the articles and services provided by each party to the other shall be in the form of reciprocal aid so that the need of each for the currency of the other may be reduced to a minimum. Each of the other parties agrees to provide the armed forces of the United States with military equipment, munitions, military and naval stores, other supplies, materials, facilities and services when they can most effectively be procured in their respective countries.

"The agreements formalize the principles and procedures applicable to the provision of aid to the armed forces of the United States by the other parties on the same terms as those under which the United States supplies aid to them in accordance with the provisions of the Lease-Lend Act.

"Each of them, without awaiting conclusion of a formal agreement, has been providing such aid on these terms as occasion required since the passage of the Lease-Lend Act. This aid is rapidly increasing in importance as the intensity of the American war effort increases in the various theatres of operations concerned."

68 Cargo Ships, Tankers Delivered In August

The U. S. Maritime Commission announced on Sept. 2 that American shipyards delivered 68 new cargo vessels and large tankers during August having a total of 753,600 deadweight tons. This was below July production when 71 ships aggregating 790,300 deadweight tons were delivered.

West Coast yards turned out 31 ships Atlantic Coast yards 24 and Gulf Coast yards 12.

In the August total were 57 Liberty ships, 4 large tankers, 3 C-2 vessels of standard design, 2 cargo ships for the British, one large combination passenger-cargo ship and one large Great Lakes ore carrier.

Average time for the August deliveries for all yards constructing Liberty ships was 83.3 days from keel laying to delivery—the lowest mark yet attained.

California Shipbuilding Corp., Wilmington, Calif., was the largest single producer with 11 ships.

Praises Fed. Regulation Of Invest. Companies

Declaring that it is too early to measure the long-term effects of Federal regulation of investment companies, Paul Bartholet, Executive Director of the National Association of Investment Companies, on Sept. 3 told the 25th annual convention of the National Association of Securities Commissioners in St. Paul, that Federal regulation has proved workable to date and that the business has found the overall administration of the 1940 Act reasonable and fair.

Success in attaining the two principal objectives of regulation —the protection of the public and encouragement of healthy growth of the business regulated — depends, Mr. Bartholet said, partly on the qualifications and attitude of the regulator, and partly on the sense of public responsibility and attitude of the regulated.

"We have been fortunate," he said, "in having as administrators Commissioners and staff members who are familiar with our business and have an intimate knowledge of the legislative history and objectives of the Act."

Mr. Bartholet warned against overzealous administration, without due regard for the practical necessities of business, as likely to defeat the purpose of regulation. Such administration, he asserted, "entails the grave risk of stifling enterprise and placing management in a regulatory strait-jacket. It does not help the investor. Rather, by rendering inert the management on whom he relies to take care of his savings, it victimizes the investor.

"There is equal danger," Mr. Bartholet cautioned, "in overzealousness on the part of management in blindly fighting regulation and in demanding special prerogatives. Those of us to whom regulation applies must consider it not only a privilege but an important duty to help make it work. It is here to stay. We had better adjust ourselves accordingly. Let those who complain about the ruinous effects of regulation and its arbitrary and biased administration look instead for its advantages, seek to capitalize on its benefits, and try to cure its defects."

Mr. Bartholet said that investment company managers have been surprised that a regulatory measure so far-reaching could be administered, especially in its early stages, with so little friction, so few hardships and so little expense. As to what had been accomplished by regulation, he said:

"We believe that the Act has prevented the recurrence of abuses. It has discouraged irresponsible elements from entering the investment company field. It has confirmed sound fiduciary standards of conduct for those in the field. Moreover, the very existence of this Federal regulation has stood as a warning to would-be wrong-doers."

Pointing out that the most immediate problem confronting the business was the protection of investors' funds against the hazards of war, Mr. Bartholet said that investment companies, in common with all other forms of enterprise, face the larger and equally pressing problems of how they can help win the war and prepare for post-war reconstruction.

"Investment companies have bought, and are buying, war bonds and other government securities," Mr. Bartholet continued. "The free cash reserves which are available for this purpose are, however, limited. Discussions have been under way for some time, within the industry and with government officials, as to how this business can increase its part in the government's war program.

"Investment companies have supplied, and are supplying equity capital to war industries. Opportunities open to them have been fewer than might be supposed, however. So rapid has been the development and so gigantic the need that the government has perforce become the prime supplier of capital. The demands upon investment companies as upon other financial institutions have consequently diminished.

"I can see no such limitations, however, on the part investment companies can play in post-war reconstruction. The revolutionary social and economic changes through which the world is going all point to fewer large aggregations of capital in the future. So long as there is private enterprise in this country—and I hope there always will be—there must be investors. The day of the large investor is passing; obviously if industry is to be financed, owners of small amounts of capital must play an increasingly important part. And, in my opinion, they will play this part to a very large extent through the medium of the investment company. I say this because so far as I know the investment company provides the only sound answer to the need of the small investor who has neither the capacity nor time to handle wisely the investment of his capital."

Wholesalers' Sales, Inventories, And Credits In July

July sales of wholesalers amounting to $312,655,000, was an advance of 9% over the same month a year ago, according to an announcement released Aug. 31 by J. C. Capt, Director of the Census. The gain reported in June of this year as compared with June 1941 was 11%. An increase of 5% occurred between June and July of 1942 as against the increase of 7% recorded between these months in 1941. Sales for the first seven months of 1942 were 21% above the corresponding period of 1941.

The Census Bureau's announcement further said:

"Twenty-six of the 35 trades for which separate data was presented in this report showed increases in sales for July of this year, compared with July 1941, seven showed decreases, and two (chemicals, and machinery, equipment, and supplies) remained at approximately the same level. Nondurable lines enjoyed the most substantial increases in dollar volume for July of this year, compared with the same month of last year. Sales of full-line wholesalers of groceries and foods advanced 16%; meats and meat products 50%; dry goods, 15%; shoes and other footwear, 14%; drugs and sundries (liquor excluded), 12%; tobacco and its products, 11%; and confectionery, 30%. Dollar volume for wholesalers of paper and its products, however, dropped 14%; for paints and varnishes, 8%. With the exception of the 22% increase shown for jewelry wholesalers and the 11% gain for wholesalers of industrial supplies, the durable goods trades for which separate statistics are presented in this report recorded sales losses or only slight gains for July 1942, compared with July 1941. Sales of metals wholesalers dropped 17%; electrical goods, 16%; furniture and house furnishings, 10%, and automotive supplies, 8%. Dollar sales of plumbing and heating supplies wholesalers and of lumber and building materials wholesalers gained 4% and 3%, respectively.

"Inventories, in terms of dollars based on cost values, at the close of July were down 3%, compared with June, the fourth consecutive month since December 1940 when inventories at the end of the month were lower than those at the beginning. Inventories at the close of July 1942 were at approximately the same level as inventories for the same date last year, continuing the trend in evidence since the first of the year, when inventories fell off each month on the basis of a comparison with the same month of the previous year.

"The stock-sales ratio for wholesales at the close of July 1942 was 131 as against 137 for July 1941, and 141 for June 1942. Of the 31 trades for which stock-sales ratios are shown, 18 registered a decrease in their ratios for July 1942, compared with those for July 1941, and 13 showed increases. Wholesalers of industrial supplies, with an 11% increase in sales and a 4% decrease in inventories, registered a stock-sales ratio of 140 for July 1942 as compared with 168 for July a year ago. Meat and meat products wholesalers, with a sales gain of 50% and a 6% decrease in inventories, recorded a stock-sales ratio of 37 for July of this year as against a ratio of 54 for July 1941. Wholesalers of plumbing and heating supplies and of machinery, equipment, and supplies also showed appreciable decreases in stock-sales ratios at the close of July, compared with a year ago. Substantial increases in stock-sales ratios, however, were shown for wholesalers of industrial chemicals, paints and varnishes, and paper and its products on the basis of a comparison with July 1941.

"Collections on accounts receivable were up more than 12% for July 1942, compared with July 1941, and 3%, compared with June 1942. The collection ratio for July of this year was 90; for July of last year, 80, and for June 1942, 87. Accounts receivable were slightly greater on July 1, 1942, than on July 1, 1941. Accounts receivable were 3% less on July 1, 1942, than at the beginning of June 1942."

This monthly study is conducted jointly by the National Association of Credit Men and the Bureau of the Census.

Associated Press Sued As Monopoly By U. S.

The Federal Government on Aug. 28 filed a civil complaint in the U. S. District Court for Southern New York charging the Associated Press, world's largest news gathering organization, with acts of monopoly and restraint of trade and asked the court for an order to force the A. P. to open its membership rolls to any newspaper willing to pay the cost.

Contending that a newspaper without A. P. news service suffers competitive disadvantage, the Government's complaint, dealing with corporate matters only, mentioned specifically "The Chicago Sun" as having been unable to obtain membership. It also cited the case of the Washington "Times-Herald."

The following regarding the case is from the New York "Sun" of Aug. 28:

"The Government's complaint, in brief, made these allegations:

"1. Those provisions of the A. P. by-laws which exclude competitors of existing members from membership and the A. P. news, illegally restrain and monopolize interstate commerce in news and illegally restrain the interstate commerce of newspapers which are prevented from obtaining A. P. news;

"2. The provision of the A. P. by-laws requiring each of nearly 1,300 members to furnish local news gathered by its own staff exclusively to the A. P. illegally restrains and monopolizes interstate commerce in news.

"In addition it was asserted that the acquistion by the A. P. in 1941 of the stock of Wide World Photos, Inc., a news-picture service formerly owned by the New York "Times," was an illegal acquisition of stock of a competing corporation. The petition asked that the Associated Press be permanently enjoined against further enforcement of the by-law provisions referred to and also required to divest itself of the Wide World stock.

"Named as defendants were the association, a non-profit cooperative incorporated in New York; the eighteen members of the board of directors; the publishers of the newspapers with which the directors are affiliated, and the nearly 1,300 other members in the United States as a group. The A. P. serves more than 2,000 newspapers throughout the world. Only members in continental United States were named, however.

"The Government's petition for an injunction against certain by-laws—amended by the members themselves at their annual meeting last April—contended, among other things, that news agency service is 'essential to the survival of any newspapers'; that there are three news agencies and that 'of the news services supplied by those three, that of the Associated Press ranks in the forefront in public reputation and esteem, and that 'a newspaper which is barred from A. P. news operates under a competitive disadvantage with A. P. members.'

"The two other news services referred to are the United Press and the International News Service.

"The case was handled in the Department of Justice by John Henry Lewin and Charles E. Weston, special assistants to the Attorney-General, under the direction of Assistant Attorney-General Thurman Arnold."

President Robert McLean of the Associated Press, in a statement issued for the board of directors, said:

"The Associated Press has invaded the lawful rights of no one in the great and unsurpassed service that it has rendered to the reading public for the last 42 years. What is charged against it is no more, at bottom, than this: That is seeks to protect its members who have invested their skill, their work and their money in its growth.

"The Associated Press will resist the present proceedings as without merit in either law or fact."

From Washington

(Continued from First Page)

The thing for the Republicans to do, then, is not to traffic with them, not to temporize with them in the slightest. Republicans will be elected to office this fall wherever and if there is a reaction against the existing order. There are many indications that this reaction is under way.

The Republicans' appeal should be, not that they are just as good as the New Dealers, but that they are distinctly different. In this way they will lose the CIO vote, which they can't possibly get; the Negro vote, which Mrs. Roosevelt has very largely sewed up. But they will bring out the very best that is in the rest of the country. They will be amazed how many AFL votes they will get, particularly if they emphasize their dislike of the CIO. They should get the white-collar class and they will certainly get the conservatives. Now, if this isn't true, then they have not the slightest chance in the world anyway. Either there is a reaction on in the country or there isn't. The serious possibility is that the Republicans, even with the reaction being on, will so temporize that they won't get the advantage of it.

This does not mean going back and destroying Labor's gains, as the expression goes. Of course, Labor hasn't made any gains. It got a five-day week for a while and it got increased wages, but the records will probably disclose that it did not get an increased income until the war came on. There were too many men out of work.

Then it got a war. One might say: Well, you can't blame Roosevelt for that as the CIO does, but, on the same basis, you should not blame Hoover for the depression in his administration. We held Hoover responsible for the country's ills that came under him. By the same token, Roosevelt should be held accountable for the ills which the world is experiencing today. We say this because politicians tell you they are responsible for prosperity. It followed that Hoover was responsible for UNprosperity. Similarly, we believe that the indications show that Roosevelt, notwithstanding the charm of his voice, is now to be held for the condition which the country is in. The fact will remain that after eight years he still had an unemployment problem, notwithstanding the so-called social gains which his ballyhoo insisted he had brought about. And the fact also remains that full employment did not come about until we had a war.

Our overall point is that the Republicans should see the complete picture and not try to outdemagogue the New Deal in the fall campaigns. They should be different. Or they should be just what they are—Republicans.

July Farm Income Far Ahead Of Year Ago

Cash income from farm marketings in July totaled $1,219,000,000, compared with $1,070,000,000 in June and $889,000,000 in July, 1941, according to the August issue of "The Farm Income Situation," published by the Bureau of Agricultural Economics, U. S. Department of Agriculture. The relative increase in income from June to July was about as great as usual despite a decline in income from meat animals. Considerable quantities of wheat were placed under loan in July, which increased income from food grains, and income from oil crops and vegetables increased more than usual from June to July. Government payments in June totaled $55,000,000 but reports on payments for July and by States, from January to June are not yet available.

The publication further states:

"Returns from cotton and cotton seed were somewhat smaller this July than last due to the relatively small quantities of cotton redemptions in July this year. However, returns from all other groups of farm products were considerably higher this July, with tobacco, vegetables and fruits and nuts recording the greatest percentage increases. The increase in income from tobacco was due largely to the earlier opening of the markets this year, but opening prices were also substantially higher. Income from truck crops was up somewhat more than seasonally because of a sharp increase in prices and a record pack of peas and beans.

"The seasonally adjusted index of income from crops advanced from 94.0% of the 1924-29 average in June to 105.0% in July, but the index of income from all livestock and livestock products declined from 165.5% to 155.5%. The record marketings of meat animals in June were followed by sales more nearly in line with usual summer marketings, and the seasonally adjusted index of income from meat animals declined from 198.0% to 178.5%. Returns from dairy and poultry products made about the usual seasonal change from June to July.

"For the first seven months of 1942 cash income from farm marketings totaled $7,000,000,000, compared with $4,900,000,000 in the corresponding period of 1941. Returns from all groups of farm products were somewhat higher than a year earlier. Income from cotton and cottonseed increased less than income from other groups of commodities because farmers obtained less income this year from the redemption of loan cotton."

President Demands Stabilization Of Wages And Profits, With New Ceiling On Farm Products

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have to be exercised in order to win this war.

"The American people can be sure that I will use my powers with a full sense of my responsibility to the Constitution and to my country. The American people can also be sure that I shall not hesitate to use every power vested in me to accomplish the defeat of our enemies in any part of the world where our own safety demands such defeat.

"When the war is won, the powers under which I act automatically revert to the people—to whom they belong."

Saying that what is needed is over-all stabilization of prices, salaries, wages and profits, the President warned that the "winning of the war will be imperiled by a runaway domestic economy."

He pointed out that the Government's effort "to hold the cost of living at its present level is now being sapped and undermined by further increases in farm prices and in wages, and by an ever-continuing pressure on prices resulting from the rising purchasing power of our people."

Reiterating his seven-point national economic policy to keep the cost of living down, which was presented to Congress last April, the President said that on the two points—an adequate tax program and fixing of farm price ceilings at parity—on which he had called for legislation neither "has as yet been enacted into law" and the "delay has now reached the point of danger to our whole economy."

As a result of the restrictions in the Emergency Price Control Act, prohibiting ceilings until farm prices as a whole have gone up beyond parity, the President explained that the lowest average level for all farm commodities at which ceilings may be imposed is not 110% but 116% of parity. He termed this an "unfair privilege" and called for agricultural ceilings "at either parity or at the price levels which prevailed at some recent date, whichever is higher."

Throughout the course of his message, Mr. Roosevelt cited numerous statistics relating to increased farm prices and wages and the rising purchasing power of the people.

With regard to a fair tax program, the President urged Congress to equitably distribute the tax burden "in accordance with ability to pay." He again called for a top limit of $25,000 on individuals' net income after taxes and to eliminate the tax-exemption of interest on State and local securities and "other special privileges or loopholes."

Mr. Roosevelt also recommended that Congress give consideration in due time to the "advisability of legislation which would place a floor under prices of farm products in order to maintain stability in the farm market for a reasonable time."

The President's message to Congress on the cost of living follows:

TO THE CONGRESS OF THE UNITED STATES:

Four months ago, on April 27, 1942, I laid before the Congress a seven-point national economic policy designed to stabilize the domestic economy of the United States for the period of the war. The objective of that program was to prevent any substantial further rise in the cost of living.

It is not necessary for me to enumerate again the disastrous results of a runaway cost of living—disastrous to all of us, farmers, laborers, businessmen—the nation itself. When the cost of living spirals upward everybody becomes poorer, because the money he has and the money he earns buys so much less. At the same time the cost of the war, paid ultimately from taxes of the people, is needlessly increased by many billions of dollars. The national debt, at the end of the war, would become unnecessarily greater. Indeed, the prevention of a spiraling domestic economy is a vital part of the winning of the war itself.

I reiterate the seven-point program which I presented April 27, 1942:

1. To keep the cost of living from spiraling upward, we must tax heavily, and in that process keep personal and corporate profits at a reasonable rate, the word "reasonable" being defined at a low level.
2. To keep the cost of living from spiraling upward, we must fix ceilings on the prices which consumers, retailers, wholesalers and manufacturers pay for the things they buy; and ceilings on rents for dwellings in all areas affected by war industries.
3. To keep the cost of living from spiraling upwards we must stabilize the remuneration received by individuals from their work.
4. To keep the cost of living from spiraling upward, we must stabilize the prices received by growers for the products of their lands.
5. To keep the cost of living from spiraling upward, we must encourage all citizens to contribute to the cost of winning this war by purchasing War Bonds with their earnings instead of using those earnings to buy articles which are not essential.
6. To keep the cost of living from spiraling upward, we must ration all essential commodities of which there is a scarcity, so that they may be distributed fairly among consumers and not merely in accordance with financial ability to pay high prices for them.
7. To keep the cost of living from spiraling upward, we must discourage credit and installment buying, and encourage the paying off of debts, mortgages and other obligations; for this promotes savings, retards excessive buying and adds to the amount available to the creditors for the purchase of War Bonds.

In my message of four months ago I pointed out that in order to succeed in our objective of stabilization it was necessary to move on all seven fronts at the same time; but that two of them called for legislation by the Congress before action could be taken. It was obvious then, and it is obvious now, that unless those two are realized the whole objective must fail. These are points numbered one and four: Namely, an adequate tax program, and a law permitting the fixing of price ceilings on farm products at parity price.

I regret to have to call to your attention the fact that neither of these two essential pieces of legislation has as yet been enacted into law. That delay has now reached the point of danger to our whole economy.

However, we are carrying out, by Executive action, the other parts of the seven-point program which did not require Congressional action.

Price ceilings have been fixed on practically all commodities (other than certain exempted agricultural products), and on rents in war production areas of the United States.

This process of keeping prices and rents at reasonable levels constitutes one of the most far-reaching economic steps that this nation has ever taken, in time of peace or war.

Our experience during the last four months has proved that general control of prices is possible, but only if that control is all-inclusive. If, however, the costs of production, including labor, are left free to rise indiscriminately, or if other major elements in the costs of living are left unregulated, price control becomes impossible. If markets are flooded with purchasing power in excess of available goods, without taking adequate measures to siphon off the excess purchasing power, price control becomes likewise impossible.

Our entire effort to hold the cost of living at its present level is being sapped and undermined by further increases in farm prices and in wages, and by an ever-continuing pressure on prices resulting from the rising purchasing power of our people.

Annual wage and salary disbursements have increased from $43,700,000,000 in 1939 to an estimated $75,000,000,000 in 1942. This represents an increase of 71%. To obtain a full appreciation of what that increase means, we should remember that $75,000,000,000 is more than our total national income was during any single year in the Nineteen Thirties. Due to constantly increasing employment, overtime, and wage rate increases, the annual wage and salary bill for the entire country has been rising by more than $1,000,000,000 a month.

It is impossible for the cost of living to be stabilized while farm prices continue to rise. You cannot expect the laborer to maintain a fixed wage level if everything he wears and eats begins to go up drastically in price. On the other hand, it is impossible to keep any prices stable—farm prices or other prices—if wage rates, one of the most important elements in the cost of production, continue to increase.

But even if the process of stabilization of all prices and wages at present levels were to be brought about, there would still remain the great upward pressure on the cost of living created by the vast amount of purchasing power which has been earned in all sections of the country.

The national income has been increasing since Jan. 1, 1941, at the average rate of 2% each month. This purchasing power now exceeds by an estimated $20,000,000,000 the amount of goods which will be available for purchase by civilians this year. The result obviously is that people compete more and more for the available supply of goods; and the pressure of this great demand compared with the small supply—which will become smaller—continually threatens to disrupt our whole price structure.

A recent study by the Bureau of Labor Statistics has shown very strikingly how much the incomes of the average of families have gone up during the first quarter of 1942. If we assume that the income for the first quarter of 1942 is a fair basis for estimating what the family income will be for the entire year, the results of the study show that whereas less than one-fourth of all families in the United States received as much as $2,500 in 1941, more than one-third will have $2,500 or more in 1942. This shows how much the purchasing power of the average American family has gone up as a result of war production and how essential it is to control that purchasing power by taxation and by investment in War Bonds.

We also know that as the war goes on, there will not be an adequate supply of all civilian goods; that only through strict rationing, wherever necessary, will these goods be equitably distributed. We are determined that no group shall suffer a shrinkage of its normal quota of basic necessities because some richer group can buy all the available supply at high prices.

In normal peacetimes the ordinary processes of collective bargaining are sufficient in themselves. But in wartimes, and particularly in times of greatly increasing prices, the Government itself has a very vital interest in seeing to it that wages are kept in balance with the rest of the economy.

It is still the policy of the Federal Government to encourage free collective bargaining between employers and workers; and that policy will continue. Owing to the fact that costs of production are now, in so many cases, being passed to the Government, and that so large a percentage of profits would be taken away by taxation, collective bargaining between employers and employees has changed a great deal from what it was in peacetimes. In times of danger to our economy the Government itself must step into the situation to see to it that the processes of collective bargaining and arbitration and conciliation are not permitted to break up the balances between the different economic factors in our system.

War calls for sacrifice. War makes sacrifice a privilege. That sacrifice will have to be expressed in terms of a lack of many of the things to which we all have become accustomed. Workers, farmers, white collar people and business men must expect that. No one can expect that during the war, he will always be able to buy what he can buy today.

If we are to keep wages effectually stabilized, it becomes imperative, in fairness to the worker, to keep equally stable the cost of food and clothing and shelter and other articles used by workers.

Prices and rents should not be allowed to advance so drastically ahead of wage rates that the real wages of workers as of today—their ability to buy food and clothing and medical care—will be cut down. For if the cost of living goes up as fast as it is threatening to do in the immediate future, it will be unjust, in fact impossible, to deny workers rises in wages which would meet at least a part of that increase.

The cost of all food used by wage-earners—controlled and uncontrolled—has been going up at the rate of 1¼% per month since the price ceilings were set in May, 1942. If this rise should be permitted to continue, the increased cost of food to wage-earners next May would be more than 15% over the level which existed when the ceilings were set.

This would be equal to imposing a 15% sales tax on all food purchased by wage-earners. Obviously no one would consider imposing such a tax.

This drastic increase has been caused, and will be caused, chiefly by the fact that a number of food commodities are exempt under existing law.

In the case of these exempt commodities the increases are even more startling. The cost of such food used by wage-earners has been rising at an average of 3¼% per month since May 1, 1942.

Prices received by farmers have risen 85% since the outbreak of the war in September, 1939, and these prices are continuing to rise. Cash farm income, including government payments, has increased from $8,700,000,000 in 1939 to substantially more than $15,000,000,000 in 1942. This is an increase of about 75%.

The movement of uncontrolled food prices since May 18, 1942, the date when price regulation became effective, has been so drastic as to constitute an immediate threat to the whole price structure, to the entire cost of living, and to any attempt to stabilize wages.

Within two months after the date that price regulation became effective, the prices of controlled foods actually fell 0.7 of 1%. But uncontrolled foods advanced 7.3% during the same period, and are still going up.

To give some specific examples: From May to August of this year round steak and pork chops, which are controlled, showed a slight decline; but during the same period lamb, which was uncontrolled up to July, advanced more than 10%, and chickens have advanced more than 16%.

To take another example: Lard, which is a controlled product, dropped nearly 5%; whereas butter, which is uncontrolled, went up more than 6%, or twice the normal seasonal rate. Oranges have gone up more than 25%, although the normal seasonal increase is only about 6 or 7%.

Uncontrolled agricultural commodities include some of the most important of the foods and include the grain foods necessary for livestock. When you consider that in this category are wheat, corn, oats, barley, rye, dry beans, cotton, sweet potatoes, apples, sheep, butter fat, wholesale milk, chickens, eggs and oranges, you can realize how important these products are to the pocketbook of the housewife.

The greatest danger is in dairy products, which are, as you know, most important items in the American diet. Butter, cheese or evaporated milk are exempt under the Price Control Act. The prices for these have been going up so fast that they constitute a serious threat to an adequate supply of fluid milk. Unless we are able to get control of butter, cheese and other dairy products in the very near future, the price of milk in large cities is certain to go up.

If wages should be stabilized and farm prices be permitted to rise at any rate like the present rate, workers will have to bear the major part of the increase. This we cannot ask. The Congress must realize that unless the existing control over farm prices is strengthened, we must abandon our efforts to stabilize wages and salaries and the cost of living.

If that occurs, workers and farmers alike will not only suffer a reduction in real income, but will bring upon themselves and the nation the unparalleled disaster of unchecked inflation.

The reason why price ceilings have not already been imposed on all food products is, as you know, that Paragraph 3 of the Emergency Price Control Act prohibits such ceilings until farm prices as a whole have gone up beyond parity prices—far beyond—as high as an average of 16% beyond.

Although that restriction upon establishing ceilings for farm products usually is referred to as the 110% of parity limitation, it is much worse than that. The statute provides other limitations which are more drastic.

Ceilings cannot be imposed, under the statute, on any product at a level below the market price of Oct. 1, 1941, or Dec. 15, 1941, or the average price for the period July 1, 1919, to June 30, 1929, or below 110% of current parity, whichever of those four levels is highest. As a result, the lowest average level for all farm commodities at which ceilings may be imposed is not 100, but 116% of parity—some of the commodities going almost as high as 150% of parity.

Even more important is the psychological effect of such unfair privilege. It provides fuel for fires of resentment against farmers as a favored class.

After all, parity is, by its very definition, a fair relationship between the prices of the things farmers sell and the things they buy. Calculations of parity must include all costs of production, including the cost of labor. As a result parity prices may shift every time wage rates shift. Insisting that the ceilings on no farm commodity shall ever be lower than 110% of parity is ask-

ing for more than a fair price relationship with other prices.

In fact, the limitations on agricultural ceilings are now being cited by other groups as a reason for resisting economic controls that are needed in their own fields. The limitations will be a rallying point for such opposition as long as they are in effect.

As I urged in my message of April 27, 1942, "the original and excellent objective of obtaining parity for the farmers of the United States should be restored."

Our policy with respect to farm products should be guided by three principles: First, to hold the line against inflationary price increases. Second, to get the required production of necessary farm products. Third, to maintain the principle of parity for agriculture.

Agricultural ceilings should be permitted at either parity or at the price levels which prevailed at some recent date, whichever is higher. In most cases the formula would preserve the general structure of wholesale and retail price controls, and would also call out the volume of production needed. Also, it would preserve the parity principle.

In regard to increasing the total of our food production, one of the worries that a farmer has today is the shortage of labor for cultivating and harvesting crops. The time is soon coming when in many parts of the country we shall have to use seasonally the help of women and grown young people. I feel certain the nation will cooperate wholeheartedly.

It not only would be unfair to labor to stabilize wages and do nothing about the cost of food; it would be equally unfair to the farmer. For we must all remember that the farmer's wife buys many articles of food at the store for the use of her own family, and high prices hurt her pocketbook as much as that of the city housewife.

What is needed, therefore, is an overall stabilization of prices, salaries, wages and profits. That is necessary to the continued production of planes and tanks and ships and guns at the present constantly increasing rate.

We cannot hold the actual cost of food and clothing down to approximately the present level beyond Oct. 1. But no one can give any assurances that the cost of living can be held down after that date.

Therefore, I ask the Congress to pass legislation under which the President would be specifically authorized to stabilize the cost of living, including the price of all farm commodities. The purpose should be to hold farm prices at parity, or at levels of a recent date, whichever is higher.

I ask the Congress to take this action by the first of October. Inaction on your part by that date will leave me with an inescapable responsibility to the people of this country to see to it that the war effort is no longer imperiled by threat of economic chaos.

In the event that the Congress should fail to act, and act adequately, I shall accept the responsibility, and I will act.

At the same time that farm prices are stabilized, wages can and will be stabilized also. This I will do.

The President has the powers, under the Constitution and under Congressional acts, to take measures necessary to avert a disaster which would interfere with the winning of the war.

I have given the most thoughtful consideration to meeting this issue without further reference to the Congress. I have determined, however, on this vital matter to consult with the Congress.

There may be those who will say that, if the situation is as grave as I have stated it to be, I should use my powers and act now. I can only say that I have approached this problem from every angle, and that I have decided that the course of conduct which I am following in this case is consistent with my sense of responsibility as President in time of war, and with my deep and unalterable devotion to the processes of democracy.

The responsibilities of the President in wartime to protect the nation are very grave. This total war, with our fighting fronts all over the world, makes the use of executive power far more essential than in any previous war.

If we were invaded, the people of this country would expect the President to use any and all means to repel the invader.

The Revolution and the war between the States were fought on our own soil, but today this war will be won or lost on other continents and remote seas. I cannot tell what powers may have to be exercised in order to win this war.

The American people can be sure that I will use my powers with a full sense of my responsibility to the Constitution and to my country. The American people can also be sure that I shall not hesitate to use every power vested in me to accomplish the defeat of our enemies in any part of the world where our own safety demands such defeat.

When the war is won, the powers under which I act automatically revert to the people—to whom they belong.

In March and April, 1933, this nation faced a threatening domestic situation calling for the most drastic measures. The Congress, alive to the needs of that day, formulated and enacted whatever was required to do the job before it, without long debate, without party politics and without heed to the pressures of any special group looking for advantages for itself.

I need not argue the point that the situation facing the nation today is infinitely more critical than it was ten years ago. We are fighting a war of survival. Nothing can yield to the over-all necessity of winning this war, and the winning of the war will be imperiled by a runaway domestic economy.

As a part of our general program on farm prices, I recommend that Congress in due time give consideration to the advisability of legislation which would place a floor under prices on farm products, in order to maintain stability in the farm market for a reasonable future time.

In other words, we should find a practicable method which will not only enable us to place a reasonable ceiling or maximum price upon farm products but which will enable us also to guarantee to the farmer that he would receive a fair minimum price for his product for one year, or even two years, or whatever period is necessary after the end of the war.

Every farmer remembers what happened to his prices after the last war. We can, I am sure, if we act promptly and wisely, stabilize the farmers' economy so that the post-war disaster of 1920 will not over-take him again.

The farmer, instead of looking forward to a new collapse in farm prices at the end of the war, should be able to look forward with assurance to receiving a fair minimum price for one or two years after the war. Such a national policy could be established by legislation.

In computing parity, we should continue to use the computations of the Bureau of Agricultural Economics made under the law as it stands today. And in determining whether a commodity has reached parity, we should include all the benefits received by the farmer from his government under the AAA program, allocable to the particular commodity. For it is unfair to give a farmer a parity price and, in addition, to pay him benefits which will give him far more than parity.

I have confidence that the American farmer, who has been doing so much in the battle of production of food, will do as much in this struggle against economic forces which make for the disaster of inflation; for nobody knows better than the farmer what happens when inflationary, wartime booms are permitted to become post-war panics.

With respect to Point 7 of the program of April 27, 1942, we have made certain credit rulings designed to curtail unnecessary buying; and whatever else has to be done along these lines will be done. With respect to Point 6, rationing is now in effect on some commodities, and, when necessary, will be extended to others. But with respect to Point 1—a fair tax program—that still waits upon the Congress to act.

One of the most powerful weapons in our fight to stabilize living costs is taxation. It is a powerful weapon because it reduces the competition for consumers' goods, especially scarce foods.

The cooperation and self-restraint of the whole nation will be required to stabilize the cost of living. The stabilization of the cost of living cannot be maintained without heavy taxes on every one except persons with very low incomes. With such increases in the tax load, unfair tax distribution becomes less and less tolerable. We can rightfully expect the fullest cooperation and self-restraint only if the tax burden is being fairly levied in accordance with ability to pay.

This means that we must eliminate the tax exemption of interest on State and local securities, and other special privileges or loopholes in our tax law.

It means that in the higher income brackets the tax rate should be such as to give the practical equivalent of a top limit on an individual's net income after taxes, approximating $25,000. It means that we must recapture through taxation all wartime profits that are not necessary to maintain efficient all-out war production. Such provisions will give assurance that the sacrifices required by war are being equitably shared.

Next to military and naval victory, a victory along this economic front is of paramount importance. Without it our war production program will be hindered. Without it we would be allowing our young men, now risking their lives in the air, on land, and on the sea, to return to an economic mess of our own making.

The least that we at home can do for them is to see that our production increases every day so as to give them the weapons of war with which to fight, and to make sure that our economy at home continues to be one to which they can return with confidence and security.

FRANKLIN D. ROOSEVELT.
The White House,
Sept. 7, 1942.

Corporate Earnings Drop In First Half

Notwithstanding record breaking levels of production, corporate earnings generally in the first half of this year, with the exception of the railroads, were substantially below those of the corresponding period last year, according to the Conference Board, New York.

The aggregate first half net income of 333 industrial corporations amounted to $585,647,000 this year as compared with $839,330,000 last year, according to the Board's figures. This is a drop of 30%.

Industrial production during the same period reached new record levels, the Federal Reserve index averaging 17% above the corresponding month last year. Greatly increased tax reserves and higher operating expenses have absorbed much of the profit which otherwise would have resulted from the larger volume of production, the Board adds.

The railroad companies, and, among the industrials, office equipment, railroad equipment, and coal mining companies moved against the trend, although in the latter group only coal mining showed more than a small increase.

The 33 public utilities companies included in the Board's compilations reported net income during the first half of this year amounting in the aggregate to $173,922,000 against $195,354,000 last year, a decline of 11%. The 59 railroad companies included reported aggregate net for the first half of this year at $235,634,000 against $138,625,000 last year, an increase of 70%. Operating revenues of the roads reached record levels, reflecting the efficient handling of peak volumes of freight traffic, the Board adds.

Another tabulation embracing 179 industrial corporations which show their Federal income tax reserves separately reveals that for these corporations such tax reserves amounted to more than two and one half times net income after taxes, and were the main factor reducing net for the period under discussion. These companies reported income before taxes at $1,404,967,000 for the first half of this year. Their reserves for Federal income taxes amounted to $1,004,061,000, leaving net income after taxes of $400,906,000. Tax reserves amounted to 71.5% of income before reserves. Last year these companies reported income before reserves at $1,206,808,000 and tax reserves of $617,355,000, or 51.2% of income before taxes, leaving net after taxes at $589,453,000.

Tax reserves were the largest in relation to income among the manufacturers of durable goods. Here tax reserves amounted to 75.7% of income before taxes. Machinery manufacturers reported the largest tax reserves in relation to income before reserves with a figure of 83%, although makers of automobile parts were a close second with 82.7. Electrical equipment manufacturers followed with 81.4%. Automobile manufacturers were the lowest in the durable goods group with a figure of 58.6%. The other subgroups in this category, with the corresponding percentages, are: building materials, 71.7%; office equipment, 68.6%; railroad equipment, 74.8%; steel and iron, 77.5%, and miscellaneous, 81.3%. All of these groups, except the automobile manufacturers, report income before taxes at a figure higher than last year, but their aggregate net after taxes dropped to $251,356,000 from $402,002,000 last year.

Income before taxes for the non-durable group was $342,707,000, against $296,206,000 last year, but after taxes the figures were $131,916,000, against $171,364,000. In this group textiles reported the largest tax reserves in relation to income before taxes, or 75.3%, with chemicals second with 70.3%. Other groups reported the following percentages: drugs, 61.6%; food products, 56.9%; paper products, 69.0%; petroleum products, 44.1%; printing and publishing, 69.3%, and miscellaneous, 65.0%.

Mining companies reported income before taxes at $29,084,000, against $20,674,000 last year, and net after taxes at $17,634,000, against $16,087,000 last year. Tax reserves came to 39.4% of income before taxes.

The second quarter aggregate net income of 333 industrial corporations included in the Board's survey amounted to $281,529,000, against $304,118,000 during the first quarter, and $419,396,000 during the second quarter last year. This is a decline of 7% from the first quarter and 33% from the corresponding period in 1941.

Earnings Indicate No War Profiteering

With the publication of earnings reports for the first quarter and the half year just passed, evidence is now coming to hand as to the truth about "war profits," the National City Bank of New York states in its September "Monthly Bank Letter," issued Sept. 2. The bank points out that for 125 of the largest arms contractors for which net income and tax figures are available, the net income after taxes for the first half year 1942 was 36% below that of last year. The returns, the bank says, fail to support the charge that industry generally is making excessive profits on war orders.

The bank continues:

"During the past two years much has been said about 'profiteering' by manufacturers on war contracts. Charges of 'excessive,' 'exorbitant,' and 'unconscionable' profits have been bandied about so often and so indiscriminately that many people have been led to believe, by mere force of repetition, that industry generally—and the large corporations in particular—were piling up big profits on war business.

"Some of this talk, of course, reflects merely the usual agitation against the corporations, founded on ignorance and prejudice. Some of it is political or has arisen out of attempts to justify wage increases. Some of it is by sincere well-meaning people who are not well acquainted with the facts and have been misled by propaganda, or by isolated but highly publicized cases of excessive profits. In many cases the profits cited have been before allowance for taxes and other necessary charges. In other cases, sharp increases in net income, caused by a transition from part time to fulltime and overtime operations, have created a false impression as to true earnings. And, finally, much of the gain recorded in business earnings up to this year was not on war contracts, but from the production of ordinary peacetime goods, the demand for which was stimulatel by anticipation of coming shortages."

In its compilation of the earnings for the half year of 125 manufacturing companies holding large war contracts, the bank shows that net income, before taxes, for the first six months of 1942 amounted to $1,564,223,000, compared with $1,320,204,000 for the first half of 1941, or a gain of 18%. However, Federal income and excess profits taxes of these companies for the first half of this year was $1,160,811,000, compared with $691,545,000 in the same period last year, or a gain of 68%. Thus net income, after taxes, for the first six months of this year was $403,412,000, compared with $628,859,000, or a decline of 36%. The bank points out that while 52% of the net income in the first half of 1941 was taken by taxes, the amount taken by taxes in the first half of 1942 was 74%.

The bank adds:

"These figures are particularly significant because this year for the first time the earnings reflect to a material extent the concentration on war production, combined with the steeply increased taxes. During this period the transition of industry from peacetime to wartime production made rapid progress, resulting in many lines in the virtual elimination of civilian output, heretofore a major contributing factor in increased earnings. Not only are current earnings of this group substantially below 1941, but 22% below even the first half of 1940, before the expanded national defense program got under way."

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corpo-rate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus
Sept. 8	117.75	107.09	116.80	113.31	108.34	92.20	96.69	111.62	114.08
7				EXCHANGE CLOSED					
5	117.80	107.09	117.00	113.31	108.34	92.06	96.54	111.62	114.08
4	117.80	107.09	117.00	113.31	108.34	92.06	96.54	111.62	114.08
3	117.81	107.09	116.80	113.31	108.34	92.06	96.54	111.62	114.08
2	117.84	107.09	116.80	113.31	108.34	92.06	96.54	111.44	114.08
1	117.84	106.92	116.80	113.31	108.16	92.06	96.54	111.62	114.08
Aug. 31	117.84	106.92	116.80	113.31	108.16	92.06	96.54	111.62	114.08
29	117.82	107.09	117.00	113.31	108.16	92.06	96.54	111.62	114.08
28	117.85	106.92	116.80	113.31	108.16	92.06	96.54	111.62	114.08
27	117.89	107.09	117.00	113.31	108.16	92.06	96.54	111.62	114.08
26	117.89	107.09	117.00	113.31	108.16	92.06	96.54	111.62	114.08
25	117.89	107.09	117.00	113.31	108.16	92.20	96.54	111.62	114.08
24	117.93	107.09	117.00	113.31	108.16	92.06	96.54	111.62	114.08
22	117.93	107.09	117.00	113.31	108.16	92.06	96.54	111.62	114.08
21	117.93	106.92	116.80	113.31	108.16	92.06	96.38	111.44	114.08
20	117.94	106.92	116.61	113.31	108.16	92.06	96.38	111.44	114.08
19	117.93	106.92	116.61	113.31	108.16	92.06	96.38	111.44	114.08
18	117.88	106.92	116.80	113.31	108.16	91.91	96.38	111.44	114.08
17	117.88	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
15	117.92	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
14	117.92	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
13	117.97	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.27
12	117.96	106.92	116.80	113.31	108.34	91.91	96.23	111.44	114.27
11	117.97	106.92	116.80	113.31	108.34	91.91	96.23	111.44	114.27
10	117.97	106.92	116.80	113.31	108.34	91.91	96.23	111.62	114.27
8	117.97	107.09	116.80	113.31	108.34	92.06	96.23	111.44	114.27
7	117.97	106.92	116.61	113.12	108.16	91.91	96.23	111.44	114.27
6	117.89	106.92	116.61	113.31	108.16	91.91	96.23	111.44	114.27
5	117.86	106.92	116.61	113.31	108.16	91.91	96.23	111.44	114.27
4	117.90	106.92	116.61	113.31	108.16	91.77	96.07	111.44	114.27
3	118.03	106.92	116.61	113.31	108.16	91.77	95.92	111.44	114.27
1	118.10	106.92	116.61	113.31	108.16	91.77	96.07	111.44	114.27
July 31	118.11	106.92	116.41	113.50	108.16	91.77	96.07	111.44	114.27
24	118.22	106.74	116.61	113.31	107.98	91.77	95.92	111.62	114.08
17	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
10	118.26	106.74	116.41	113.31	107.80	91.62	95.77	111.25	114.08
3	118.09	106.56	116.22	113.12	107.98	91.34	95.77	111.25	113.89
June 26	118.14	106.39	116.22	112.93	107.80	91.05	95.47	110.88	113.89
19	118.33	106.39	116.22	112.93	107.62	91.19	95.47	110.88	113.89
12	118.33	106.21	116.02	112.75	107.44	91.19	95.62	110.88	113.50
5	118.38	106.21	115.82	112.93	107.27	91.34	95.77	110.70	113.31
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
22	118.33	106.56	116.02	112.93	107.44	91.91	96.07	110.70	113.50
15	117.89	106.74	116.02	113.31	107.62	92.06	96.54	110.88	113.70
8	117.79	106.74	116.22	113.12	107.62	92.20	96.69	110.70	113.70
1	117.90	106.56	116.22	113.12	107.44	92.06	96.69	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
High 1942	118.41	107.09	117.00	114.08	108.34	92.50	97.47	111.44	114.46
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago									
Sept. 8, 1941	119.13	107.80	118.20	114.85	108.70	92.06	97.16	112.00	115.24
2 Years ago									
Sept. 7, 1940	116.18	103.97	116.61	112.93	103.80	86.51	92.35	109.60	111.44

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corpo-rate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
Sept. 8	3.33	2.81	2.99	3.26	4.26	3.96	3.08	2.95
7			EXCHANGE CLOSED					
5	3.33	2.80	2.99	3.26	4.27	3.97	3.08	2.95
4	3.33	2.80	2.99	3.26	4.27	3.97	3.08	2.95
3	3.33	2.81	2.99	3.26	4.27	3.97	3.08	2.95
2	3.33	2.81	2.99	3.26	4.27	3.97	3.09	2.95
1	3.34	2.81	2.99	3.27	4.27	3.97	3.08	2.95
Aug. 31	3.34	2.81	2.99	3.27	4.27	3.97	3.08	2.95
29	3.33	2.80	2.99	3.27	4.27	3.97	3.08	2.95
28	3.34	2.81	2.99	3.27	4.27	3.97	3.08	2.95
27	3.33	2.80	2.99	3.27	4.27	3.97	3.08	2.95
26	3.33	2.80	2.99	3.27	4.27	3.97	3.08	2.95
25	3.33	2.80	2.99	3.27	4.26	3.97	3.08	2.95
24	3.33	2.80	2.99	3.27	4.27	3.97	3.08	2.95
22	3.33	2.80	2.99	3.27	4.27	3.97	3.08	2.95
21	3.34	2.81	2.99	3.27	4.27	3.98	3.09	2.95
20	3.34	2.82	2.99	3.27	4.27	3.98	3.09	2.95
19	3.34	2.82	2.99	3.27	4.27	3.98	3.09	2.95
18	3.34	2.81	2.99	3.27	4.28	3.98	3.09	2.95
17	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
15	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
14	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
13	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.94
12	3.34	2.81	2.99	3.26	4.28	3.99	3.09	2.94
11	3.34	2.81	2.99	3.26	4.28	3.99	3.09	2.94
10	3.34	2.81	2.99	3.26	4.28	3.99	3.08	2.94
8	3.33	2.81	2.99	3.26	4.27	3.99	3.09	2.94
7	3.34	2.82	3.00	3.27	4.28	3.99	3.09	2.94
6	3.34	2.82	2.99	3.27	4.28	3.99	3.09	2.94
5	3.34	2.82	2.99	3.27	4.28	3.99	3.09	2.94
4	3.34	2.82	2.99	3.27	4.29	4.00	3.03	2.94
3	3.34	2.82	2.99	3.27	4.29	4.01	3.09	2.94
1	3.34	2.82	2.99	3.27	4.29	4.00	3.09	2.94
July 31	3.34	2.83	2.98	3.27	4.29	4.00	3.09	2.94
24	3.35	2.82	2.99	3.28	4.29	4.01	3.08	2.95
17	3.35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
10	3.35	2.83	2.99	3.29	4.30	4.02	3.10	2.95
3	3.36	2.84	3.00	3.28	4.32	4.02	3.10	2.96
June 26	3.37	2.84	3.01	3.29	4.34	4.04	3.12	2.96
19	3.37	2.84	3.01	3.30	4.33	4.04	3.12	2.96
12	3.38	2.85	3.02	3.31	4.33	4.03	3.12	2.98
5	3.38	2.86	3.01	3.32	4.32	4.02	3.13	2.99
May 29	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
22	3.36	2.85	3.01	3.31	4.28	4.00	3.13	2.98
15	3.35	2.85	2.99	3.30	4.27	3.97	3.12	2.97
8	3.35	2.84	3.00	3.30	4.26	3.96	3.13	2.97
1	3.36	2.84	3.00	3.31	4.27	3.96	3.13	2.97
Apr. 24	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
Mar. 27	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	3.33	2.80	2.95	3.26	4.24	3.91	3.08	2.93
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago								
Sept. 8, 1941	3.29	2.74	2.91	3.24	4.27	3.93	3.06	2.89
2 Years ago								
Sept. 7, 1940	3.51	2.82	3.01	3.52	4.67	4.25	3.19	3.09

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that production of soft coal continues to fluctuate, as in the past seven weeks, around the 11,000,000 ton mark. The total output in the week ended Aug. 29 is estimated at 11,260,000 net tons, an increase of 335,000 tons, or 3.1% over the production in the preceding week, and compares with 11,221,000 tons in the corresponding week of 1941. Total output of soft coal to date shows an increase of 18.3% over the same week last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Aug. 29 was estimated at 1,236,000 tons, an increase of 57,000 tons (4.8%) over the preceding week. When compared with the output in the corresponding week of 1941, however, there was a decrease of 43,000 tons, or 3.4%. The calendar year to date showed a gain of 7.0% when compared with the same period last year.

The U. S. Bureau of Mines also reported that the estimated production of by-product coke in the United States for the week ended Aug. 29 showed an increase of 6,600 tons when compared with the output for the week ended Aug. 22. The quantity of coke from beehive ovens increased 1,600 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM (000 OMITTED)

Bituminous and lignite coal—	—Week Ended— Aug. 29, 1942	†Aug. 22, 1942	Aug. 30, 1941	—January 1 to Date— Aug. 29, 1942	Aug. 30, 1941	Aug. 28, 1937
Total, incl. mine fuel	11,260	10,925	11,221	377,763	319,337	287,679
Daily average	1,877	1,821	1,870	1,865	1,582	1,421
*Crude Petroleum—						
Coal equivalent of weekly output	6,350	6,362	6,415	213,486	206,339	189,938

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Data computed from weekly statistics of American Petroleum Institute.. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, 1939, page 702). †Revised.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

Penn anthracite—	—Week Ended— §Aug. 29, 1942	Aug. 22, 1942	Aug. 30, 1941	—Calendar Year to Date— §Aug. 29, 1942	Aug. 30, 1941	Aug. 31, 1929
*Total, incl. colliery fuel	1,236,000	1,179,000	1,279,000	39,796,000	37,209,000	46,058,000
†Commercial production	1,174,000	1,120,000	1,215,000	37,806,000	35,349,000	42,742,000
Beehive coke—						
United States total	151,700	150,100	140,000	5,209,900	4,204,400	4,608,600
By-product coke—						
United States total	1,216,000	1,209,400	‡	40,661,800	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
[In Thousands of Net Tons]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	—Week Ended— Aug. 22, 1942	Aug. 15, 1942	Aug. 23, 1941	Aug. 24, 1940	Aug. 21, 1937	August avge. ¶1923
Alaska	5	5	6	4	3	**
Alabama	364	385	327	277	249	397
Arkansas and Oklahoma	90	87	95	80	60	81
Colorado	149	143	111	106	85	173
Georgia and North Carolina	1	1	††	††	††	**
Illinois	1,177	1,135	1,146	885	700	1,363
Indiana	461	463	467	382	272	440
Iowa	45	40	43	53	52	100
Kansas and Missouri	183	168	149	119	113	145
Kentucky—Eastern	932	937	897	837	681	765
Kentucky—Western	231	234	199	155	123	217
Maryland	34	36	36	28	26	44
Michigan	9	6	10	8	7	21
Montana (bituminous and lignite)	78	77	59	50	44	50
New Mexico	35	33	22	17	27	49
North and South Dakota (lignite)	25	24	21	23	17	**20
Ohio	674	678	657	462	436	871
Pennsylvania (bituminous)	2,550	2,724	2,780	2,309	2,000	3,734
Tennessee	149	147	144	112	91	118
Texas (bituminous and lignite)	8	6	7	11	21	24
Utah	117	111	93	76	56	83
Virginia	392	402	407	296	257	248
Washington	37	38	35	29	30	47
*West Virginia—Southern	2,157	2,277	2,267	1,966	1,732	1,515
†West Virginia—Northern	862	916	854	645	544	875
Wyoming	159	157	141	99	87	154
‡Other Western States	1	††	1	††	††	**
Total bituminous and lignite	10,925	11,230	10,974	9,029	7,715	11,538
§Pennsylvania anthracite	1,179	1,261	1,305	977	557	1,926
Total, all coal	12,104	12,491	12,279	10,006	8,272	13,464

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

Steel Production Off Slightly—Centralized Control May Give Better Distribution

"Despite the promise from governmental authorities that superratings were to be granted the remaining blast furnace and steel expansion programs, several of these projects are running one to three months behind previous estimates of completion, with the resulting loss of thousands of tons of pig iron," according to "The Iron Age" in its issue of today (Sept. 10), which further says in part:

"Efforts have been made in September steel mill scheduling to cut output of such items as wire and pipe in order to divert more semi-finished steel to bar production. It is understood also that the American Steel Commission now in Great Britain is endeavoring to work out a plan for greater utilization of United States bar mills. Steel order volume in the past week equalled shipments for some companies and in a few instances exceeded capacities.

"The week's production record was highlighted by the Labor Day launching of 174 naval and merchant ships. The Republic Steel Corp. reported its electric furnace steel output for the first eight months of 1942 exceeded production for all of 1941."

The American Iron and Steel Institute on Sept. 8 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 96.4% of capacity for week beginning Sept. 7, compared with 97.6% one week ago, 96.5% one month ago and 96.9% one year ago. This represents a decrease of 1.2 point or 1.2% from the preceding week. The operating rate for the week beginning Sept. 7 is equivalent to 1,649,100 tons of steel ingots and castings, compared to 1,669,600 tons one week ago, 1,650,800 tons one month ago and 1,601,000 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Sept. 7 stated in part: "Concentration of priority rating authority in Washington, as announced by Donald M. Nelson, is hailed by the steel industry as a constructive proposal to eliminate much of the confusion which has prevailed. With control centralized it is believed mill schedules can be set to much better advantage for the war effort.

"Most rerating has been done and mills are not as crowded with paper work as for several weeks.

"In the present situation ratings of AA-1 and AA-2, which hold equal rate, are required on most steel products to insure scheduling. Congestion is practically as great as before the advanced ratings were applied.

"Office of Price Administration has set ceiling prices and extras on less-carloads of the new low-alloy steels developed to conserve alloying elements. Previously sellers had no basis on which to set prices as these alloys have been developed since the basis on alloy steels was set as of April 16, 1941. The markup is substantially the same as for other alloy steels.

"Some easing is noted in the plate situation, universal and strip mill types being in better supply, but wide plates in heavy gages continue tight. At the same time miscellaneous demand is increasing as shops converting to war work tend to use of plates instead of sheets, particularly those engaged in welding fabrication.

"Bar demand is second only to plates, with flats and large rounds particularly difficult to obtain. To ease the situation some suppliers are shearing plate ends to bar sizes for certain needs. Many bar users are turning to bessemer steel as deliveries in this grade are easier than in open-hearth steel. On carbon and alloy bars most producers can promise no definite delivery under AA. Forging shops could increase output of alloy forgings for aircraft assembly if more bars were available.

"Sheet buying is confined to directives and ratings in the AA group and is somewhat reduced. Stamping shops are receiving more orders as substitutes for cast and forged parts. Producers of cold-rolled sheets compete for tonnage to keep their production lines busy.

"Some effect is being felt from the country-wide scrap collection drive and tonnage reaching various districts shows an increase, though in other areas receipts are barely sufficient to maintain current production rates.

"Two-thirds of the 90,000,000-ton goal for movement of Lake Superior iron ore had been reached by Aug. 31, with 60,272,470 gross tons shipped by the six American ports at the head of the lakes, according to figures announced by the Office of War Information. This compares with 51,418,067 tons up to the same date last year."

Moody's Daily Commodity Index

Tuesday, Sept. 1	230.6
Wednesday, Sept. 2	230.8
Thursday, Sept. 3	231.5
Friday, Sept. 4	231.7
Saturday, Sept. 5	231.8
Monday, Sept. 7	*
Tuesday, Sept. 8	232.2
Two weeks ago, Aug. 25	231.2
Month ago, Aug. 8	230.1
Year Ago, Sept. 8	219.5
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—April 9	234.0
Low—Jan. 2	220.0

*Holiday.

Market Value Of Bonds On N. Y. Stock Exchange

The New York Stock Exchange announced on Sept. 5 that as of the close of business Aug. 31, there were 1,148 bond issues aggregating $65,276,941,820 par value listed on the Exchange with a total market value of $62,720,371,752. This compares with 1,150 bond issues aggregating $63,992,198,940 par value listed on the Exchange on July 31 with a total market value of $61,277,620,583.

In the following table listed bonds are classified by Governmental and industrial groups with the aggregate market value and average price for each:

Group—	Aug. 31, 1942 Market Value $	Aug. 31, 1942 Average Price $	July 31, 1942 Market Value $	July 31, 1942 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	46,152,358,470	105.34	47,357,496,542	105.13
U. S. companies:				
Amusements	35,885,482	100.68	35,825,036	100.51
Automobile	13,505,208	103.57	13,506,834	103.79
Building	17,451,748	94.21	17,088,645	94.90
Business and office equipment	15,112,500	100.75	15,262,500	101.75
Chemical	75,805,343	100.02	76,094,780	100.40
Electrical equipment	36,356,250	103.88	36,400,000	104.00
Financial	57,428,807	99.92	57,830,956	100.58
Food	222,238,418	104.37	236,202,683	103.90
Land and realty	9,354,844	68.11	9,548,835	69.52
Machinery and metals	43,766,449	99.02	43,768,676	99.02
Mining (excluding iron)	88,243,712	56.24	89,499,624	57.40
Paper and publishing	50,595,576	100.70	50,283,607	100.08
Petroleum	589,719,644	102.70	589,122,788	102.68
Railroad	6,327,641,915	61.46	6,470,470,780	62.92
Retail merchandising	11,953,478	80.17	11,798,155	79.89
Rubber	73,373,601	99.86	73,781,753	100.41
Ship building and operating	11,472,000	100.00	11,472,000	100.00
Shipping services	17,385,962	62.99	17,150,250	62.14
Steel, iron and coke	546,809,957	99.85	544,770,087	99.48
Textiles	1,431,983	92.63	36,527,213	99.95
Tobacco	146,080,523	104.75	146,286,839	104.90
Utilities:				
Gas and electric (operating)	3,308,673,538	106.87	3,332,660,704	106 86
Gas and electric (holding)	99,831,124	99.17	99,764,000	99.46
Communications	1,198,285,103	106.79	1,198,051,003	106.76
Miscellaneous utilities	84,743,717	57.61	86,955,043	59.11
U. S. companies oper. abroad	105,019,818	57.76	106.647,805	58.67
Miscellaneous businesses	31,667,500	103.83	31,600,000	103.61
Total U. S. companies	13,219,834,200	77.35	13,438,390,596	78.35
Foreign government	1,203,578,459	54.10	1,216,104,337	54.91
Foreign companies	701,849,454	81.22	708,380,277	81.97
All listed bonds	61,277,620,583	95.76	62,720,371,752	96.08

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1940—	Market Value $	Average Price $	1941—	Market Value $	Average Price $
July 31	48,601,638,211	90.86	Aug. 30	53,216,867,646	94.86
Aug. 31	49,238,728,732	91.33	Sept. 30	53,418,055,935	94.74
Sept. 30	49,643,200,867	92.08	Oct. 31	55,106,635,894	95.25
Oct. 31	50,438,409,964	92.84	Nov. 29	54,812,793,945	94.80
Nov. 30	50,755,887,399	93.58	Dec. 31	55,033,616,312	94.50
Dec. 31	50,831,283,315	93.84	1942—		
1941—			Jan. 31	56,261,398,371	95.24
Jan. 31	50,374,446,095	93.05	Feb. 28	57,584,410,504	95.13
Feb. 28	50,277,456,796	92.72	Mar. 31	58,140,382,211	95.97
Mar. 31	52,252,053,607	93.73	Apr. 30	57,923,553,616	95.63
Apr. 30	52,518,036,554	94.32	May 29	59,257,509,674	95.64
May 30	52,321,710,056	94.22	June 30	59,112,072,945	95.50
June 30	53,237,234,699	94.80	July 31	61,277,620,583	95.76
July 31	53,259,696,637	95.04	Aug. 31	62,720,371,752	96.08

July Hotel Sales Higher

In its monthly analysis of the trend of business in hotels, made available in their monthly bulletin for September, Horwath & Horwath, New York public accountants, state that the increase of 17% in total sales this July over last is the largest for any month in nearly six years—since October, 1936. Room sales are up 14% and restaurant sales, 21%, the rate of increase on beverages being more than twice as high as that on food.

The following statistics are supplied:

JULY, 1942, COMPARED WITH JULY, 1941

	Sales, Increase or Decrease *Total	Rooms	Total Restaurant	Food	Beverages	Occupancy July, 1942	July, 1941	†Room Rate Increase or Decr.
New York City	+13%	+ 6%	+21%	+19%	+26%	66%	63%	+ 1%
Chicago	+19	+15	+26	+23	+32	75	69	+ 6
Philadelphia	+17	+14	+25	+19	+33	54	49	— 1
Washington	+39	+26	+50	+50	+50	70	59	+ 7
Cleveland	+19	+18	+20	+17	+27	76	66	+ 3
Detroit	+25	+28	+22	+22	+22	81	68	+ 7
Pacific Coast	+18	+ 8	+27	+15	+50	75	71	+ 2
Texas	+27	+25	+31	+26	+40	71	61	+ 8
All Others	+16	+15	+18	+13	+32	66	62	+ 6
Total	+17%	+14%	+21%	+16%	+34%	69%	64%	+ 5%
Year to Date	+10%	+10%	+12%	+10%	+19%	71%	68%	+ 4%

†The term "rates" wherever used refers to the average sales per occupied room and not to scheduled rates. *Rooms and restaurant only.

National Fertilizer Association Commodity Price Average Unchanged

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on Sept. 8 remained unchanged for the second consecutive week at a near-record level. This index in the week ended Sept. 5, 1942, stood at 129.0% of the 1935-1939 average, the same as in the preceding week. It registered 129.3 a month ago, and 115.8 a year ago. The Association's report continued as follows:

Substantial declines in livestock prices were sufficient to counterbalance advances in other items, with the result that the all-commodity index remained at the same level as in the preceding week. Although cotton and grains were higher, declines in livestock quotations were sufficient to cause a decrease in the farm products average. Average prices for foodstuffs advanced 0.5%, largely because of further advances in butter, cheese, and eggs, all of which have been at high levels for some time. Slight increases in both cotton and wool prices were just enough to raise the index of the textiles group fractionally. Other groups showing small gains were miscellaneous commodities, due to higher prices for cattle feed; and fertilizer materials, due to advancing cottonseed meal quotations.

During the week prices of 17 commodities advanced and 7 declined, in the preceding week there were 10 declines and 9 advances; in the second preceding week there were 17 advances and 8 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

[*1935-1939 = 100]

% Each Group Bears to the Total Index	Group	Latest Week Sept. 5 1942	Preceding Week Aug. 29 1942	Month Ago Aug. 1 1942	Year Ago Sept. 6 1941
25.3	Foods	130.7	130.0	128.3	112.6
	Fats and Oils	141.0	141.3	139.6	125.5
	Cottonseed Oil	156.1	158.4	160.7	150.7
23.0	Farm Products	139.4	139.6	136.9	119.6
	Cotton	176.8	174.9	176.8	162.3
	Grains	114.9	111.4	111.9	108.5
	Livestock	139.0	140.9	135.9	114.2
17.3	Fuels	118.8	118.8	125.4	110.6
10.8	Miscellaneous commodities	126.9	126.8	127.0	124.6
8.2	Textiles	147.3	146.9	147.2	138.0
7.1	Metals	104.4	104.4	104.4	103.8
6.1	Building materials	151.4	151.4	151.5	119.5
1.3	Chemicals and drugs	120.7	120.7	120.7	106.3
.3	Fertilizer materials	117.9	117.8	117.9	112.7
.3	Fertilizers	115.3	115.3	115.3	107.1
.3	Farm machinery	104.1	104.1	104.1	99.3
100.0	All groups combined	129.0	129.0	129.3	115.8

*Indexes on 1926-1928 base were: Sept. 5, 100.5; Aug. 29, 100.5, Sept. 6, 1941, 90.2.

"Little Steel" Wage Increase Extended To "Big Steel" Employees To Be Retroactive To Feb. 15

The National War Labor Board on Aug. 26 made public the opinions in the dispute between the United Steelworkers of America, CIO, and five steel subsidiaries of the United States Steel Corporation, which was decided on Aug. 25. The Board in its decision granted the 250,000 employees of the Carnegie-Illinois Steel Corp., the Columbia Steel Co., the American Steel and Wire Corporation of New Jersey, the National Tube Co., and the Tennessee Coal, Iron and Railroad Co., the same 5½ cents hourly increase which had been granted the workers in "Little Steel" and made this increase retroactive to Feb. 15 in order to maintain the wage relationship between the major producing companies which has existed in the steel industry for nearly a quarter of a century.

The Board's order also includes the same daily minimum wage guarantee, maintenance of membership and checkoff provisions contained in the "Little Steel" decision issued by the Board July 16. (See "The Commercial and Financial Chronicle" of July 30, page 372.) The Board reached its decision by an unanimous vote on the basic wage increase and the daily minimum wage guarantee, and by an 8 to 4 vote, the employer members dissenting, on the retroactive feature of the wage increase and on the union security provisions.

Members of the Board participating were William H. Davis, Board Chairman: George W. Taylor, Vice Chairman; Wayne L. Morse and Frank P. Graham, representing the public; Roger D. Lapham, Cyrus Ching, Robert Black and George Mead, representing industry, and Emil Rieve, Thomas Kennedy, Robert Watt and Fred Hewitt, representing labor.

There are five opinions by Board members in this case. Chairman Davis wrote an opinion summarizing the case as a whole. Dean Morse wrote the opinions for the Board on the retroactive wage adjustment and on the daily minimum wage guarantee issues. Dr. Taylor wrote the opinion on the wage rate issue and Dr. Graham on the union security issue. The employers wrote dissenting opinions on both the retroactive pay and union security issues.

The general wage increase of 5½ cents per hour in the "Little Steel" case consists of three components: (a) 3.2 cents as the adjustment to the cost-of-living factor; (b) 2.3 cents allowed as a time equity; and (c) the retroactive pay.

J. Lester Perry, President of Carnegie-Illinois Steel Corp., a subsidiary, on Sept. 2 informed the War Labor Board by letter that Carnegie-Illinois would accept the Directives of the War Labor Board, involving maintenance of membership, check-off, minimum daily guarantee, and a wages adjustment of 5½ cents per hour effective Feb. 15, 1942. Similar letters were sent to the Board by the four other steel-producing subsidiaries of the U. S. Steel.

In his letter, Mr. Perry said in part:

"Compliance with the union security and wage directives is not to be construed, however, in any sense, as an acceptance by this company of the fairness or propriety of the directives or of the underlying philosophy which led to their formulation or the reasons advanced to support them.

"The acceptance is predicated on one premise only; namely, that the country is at war and that your Board created by the President of the United States of America has ordered this company to do certain things embodied in your directives.

"For the period of the contract now under negotiation, this company bows to your decision and accepts that which it considers unnecessary, undesirable, and subversive of the workers' individual freedom.

"You have said that each case before you would be decided on its own merits. Yet now, to the contrary, you advise 'that collective bargaining agreements in the basic steel producing industry are impliedly subject to whatever changes may be required to preserve the policy of wage uniformity, even though such changes are necessitated during the life of some agreements'; and you now decide that hearings conducted six months ago were industry hearings, although by far the larger part of the industry was not represented or given an opportunity to be heard. As the minority opinion of your Board pointed out, you have ignored a solemn contract entered into by the employer in a good faith effort to comply with the statute providing for collective bargaining. Your apparent motive is the fear that the observance of the contract will cause the members of the other party to the contract to 'endanger maximum production.'

"We do not share your fear that continued observance of the contract would have endangered maximum production."

U. S. Names Mission To Develop Brazil's Industry & War Output

President Roosevelt announced on Sept. 2 that a special United States technical mission of industrial engineers, headed by Morris L. Cooke, will leave soon for Brazil to cooperate with experts of that country in developing Brazilian industry and war production.

The mission has been organized by the Board of Economic Warfare, Department of State, and War Production Board, at the request of the Brazilian Government. A group of Brazilian industrial experts has been selected to work with United States technicians.

The scope and urgency of their work have been considerably increased as a result of Brazil's declaration of war against Germany and Italy, the White House stated.

The mission's basic objectives are:

(1) To increase local production of essential products, especially those which formerly were imported from the United States, in order to save shipping space;

(2) To convert local industries to the use of substitute raw materials, replacing supplies ordinarily imported;

(3) To maintain and improve transportation facilities, and

(4) to lay the foundation for a long-range strengthening of Brazil's whole industrial economy.

The program, it is stated, will be directed toward a further increase in Brazil's already important contribution of vital materials for her own and the United Nations' joint war effort.

The White House statement further said:

"Large shipments of machinery and war plant equipment will not be involved in the development program. It will be based largely on practical recommendations for the application of mass production methods and modern industrial techniques, in addition to adjustments and conversion measures.

"Fuel and power are primary problems in the Brazilian industrialization program. The mission will consider measures to increase Brazil's power production, or to convert its plants to alternative fuels.

"Expansion of existing ore reduction plants in Brazil will be studied with the purpose of releasing considerable equipment in the United Nations and at the same time saving thousands of tons of vital shipping space.

"Textile and other general manufacturing plants will be surveyed in an effort to use Brazil's surplus textile fibers and to increase production of essential consumer goods. These and many other specific problems will be considered in the general program."

Mr. Cooke is an outstanding industrial engineer, with an unusually wide range of practical experience. He has served as Chairman of the Mississippi Valley Commission and of the Great Plains Commission. He was administrator of the Rural Electrification Administration from 1935 to 1937. In 1941 Mr. Cooke was named by the President as expert for the evaluation of the United States petroleum properties expropriated by Mexico.

Brazil declared war on Germany and Italy on Aug. 22; referred to in these columns of Aug. 27, page 727.

WPB Discontinues Contracts Distribution Unit

The War Production Board has ordered the discontinuance of its Contracts Distribution Branch, as of the close of business Sept. 15, and notified the branch's 150 employees that their services will be terminated. No official explanation of this action was given but, it is believed, that since the creation of the Smaller War Plants Corporation the branch has outlived its usefulness.

Established last September as a principle division of the Office of Production Management, the Contracts Distribution Branch was directed to spread defense orders among smaller firms and to alleviate unemployment resulting from priorities and material shortages. Floyd D. Odlum, New York banker, was in charge of the agency. When the War Production Board replaced the OPM last January the Contracts Distribution Branch became a part of the WPB Production Division.

Abolishment of the Contracts Branch, it is said, will not affect the 120 field men serving in regional offices throughout the country, since most have already been absorbed into the WPB organization.

Selected Income And Balance Sheet Items Class I Railways for June

The Bureau of Statistics of the Interstate Commerce Commission has issued a statement showing the aggregate totals of selected income and balance sheet items for Class I steam railways in the United States for the month of June and the six months ending with June, 1942 and 1941.

These figures are subject to revision and were compiled from 132 reports representing 136 steam railways. The present statement excludes returns for Class A switching and terminal companies. The report is as follows:

	All Class I Railways			
	For the Month of June		For the Six Months of	
Income Items—	1942	1941	1942	1941
Net ry. operat. income	$118,730,960	$93,316,128	$551,656,622	$433,822,007
Other income	15,900,862	15,541,024	73,963,485	71,982,774
Total income	134,631,822	108,857,152	625,620,107	505,804,781
Miscellaneous deductions from income	2,430,222	2,190,361	15,762,468	13,991,557
Income available for fixed charges	132,201,600	106,666,791	609,857,639	491,813,224
Fixed charges:				
Rent for leased roads and equipment	15,108,787	13,202,501	84,493,288	77,552,735
*Interest deductions	36,952,939	38,449,974	222,129,543	231,065,492
Other deductions	118,121	119,355	705,649	712,663
Total fixed charges	52,179,847	51,771,830	307,328,480	309,330,890
Inc. after fixed charges	80,021,753	54,894,961	302,529,159	182,482,334
Contingent charges	2,331,208	1,547,650	13,343,493	9,250,715
†Net income	77,690,545	53,347,311	289,185,666	173,231,619
Depreciation (way and structures and equip.)	20,102,752	18,076,842	117,346,015	107,277,846
Amortization of defense projects	7,213,897	5,616	33,631,668	5,616
Federal income taxes	72,533,701	19,790,535	278,565,502	67,810,161
Dividend appropriations:				
On common stock	9,060,654	7,669,245	50,909,609	53,085,558
On preferred stock	695,298	75,000	13,302,897	11,306,673
¶Ratio of income to fixed charges	2.55	2.06	1.98	1.59

	All Class I Railways Balance at End of June		Class I Railways Not in Receivership or Trusteeship balance at End of June	
Selected Asset Items—	1942	1941	1942	1941
Investments in stocks, bonds, etc., other than those of affiliated companies	$478,724,241	$558,646,744	$460,825,441	$508,517,336
Cash	$831,035,186	$736,013,179	$619,328,239	$571,452,788
Temporary cash investments	186,418,688	77,110,960	175,828,325	69,773,376
Special deposits	154,686,100	139,332,511	116,827,423	111,883,171
Loans and bills receivable	1,038,549	1,531,185	986,332	1,282,917
Traffic and car-service balances (Dr.)	41,086,165	32,775,008	34,236,234	29,913,904
Net balance receivable from agents and conductors	117,946,801	73,387,137	98,451,663	59,917,294
Miscellaneous accounts receivable	308,448,689	151,212,580	246,834,066	117,074,276
Materials and supplies	534,418,743	379,044,979	430,931,324	301,975,416
Interest and dividends receivable	19,813,606	16,697,521	18,742,101	14,968,398
Rents receivable	1,332,524	1,206,031	1,019,772	916,967
Other current assets	9,342,897	7,883,647	7,875,238	6,681,628
Total current assets	2,205,567,948	1,616,194,738	1,751,060,717	1,285,840,135
Selected Liability Items—				
‡Funded debt maturing within six months	$85,981,391	$79,792,889	$60,831,215	$54,790,954
§Loans and bills payable	$34,264,428	$72,249,573	$3,900,778	$16,347,586
Traffic and car-service balances (Cr.)	86,387,546	56,795,727	61,348,786	40,874,412
Audited accounts and wages payable	302,719,552	252,822,234	244,012,012	204,183,473
Miscellaneous accounts payable	72,636,444	58,126,397	54,657,729	46,567,343
Interest matured unpaid	74,431,859	56,545,801	61,982,716	53,218,857
Dividends matured unpaid	25,703,491	24,824,190	25,351,228	24,471,881
Unmatured interest accrued	61,917,646	63,032,362	49,463,400	47,949,626
Unmatured dividends declared	10,131,711	6,720,300	10,131,711	6,720,300
Unmatured rents accrued	16,382,587	17,071,373	14,559,958	15,352,179
Accrued tax liability	572,012,939	273,778,961	526,111,074	237,456,051
Other current liabilities	58,483,650	44,142,030	47,675,976	32,732,987
Total current liabilities	1,315,071,853	926,108,948	1,099,195,368	725,874,695
Analysis of accrued tax liability:				
U. S. Government taxes	445,962,323	154,506,758	423,801,384	144,029,208
Other than U. S. Government taxes	126,050,616	119,272,203	102,309,690	93,426,843

*Represents accruals, including the amount in default. †For railways not in receivership or trusteeship the net income was as follows: June, 1942, $61,788,501; June, 1941, $50,853,552; for the six months ended June, 1942, $239,886,971: five months ended June, 1941, $179,131,400. ‡Includes payments of principal of long-term debt (other than long-term debt in default) which will become due within six months after close of month of report. §Includes obligations which mature not more than two years after date of issue. ¶For railways in receivership and trusteeship the ratio was as follows: June, 1942, 2.32; June, 1941, 1.28; six months, 1942, 1.71; five months, 1941, 0.98.

Labor Bureau's Wholesale Price Index Remains At 16-Year Record Level

During the last week of August the Bureau of Labor Statistics' index of prices of nearly 900 series in primary markets remained unchanged for the third consecutive week at its 16-year record level, 98.9% of the 1926 average.

The price movement was narrow and for the most part was confined to markets for agricultural commodities and for foods.

Average prices for foodstuffs declined 0.1%, largely because of lower prices for fruits and vegetables. Butter, cheese, eggs, and dressed poultry, all of which have been at high levels for some time, advanced further. During the week flour prices moved up slightly. Ceiling prices were placed on rice below the prevailing market level, and olive oil declined sharply.

Cattle feed advanced 0.3% as a result of higher prices for cottonseed meal.

Prices in industrial commodity markets, which for the most part are under government regulation, remained comparatively steady. Rosin advanced slightly, while turpentine and linseed oil declined. Quotations were also lower for sulfur olive oil, for soap and for boxboard.

The following table shows index numbers for the principal groups of commodities for the past three weeks, for Aug. 1, 1942 and Aug. 30, 1941 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to Aug. 29, 1942 from—		
Commodity Groups—	8-29 1942	8-22 1942	8-15 1942	8-1 1942	8-30 1941	8-22 1942	8-1 1942	8-30 1941
All Commodities	*98.9	*98.9	*98.9	*98.6	90.6	0	+0.3	+ 9.2
Farm products	106.0	106.4	106.0	105.6	88.6	—0.4	+0.4	+19.6
Foods	100.7	100.8	100.5	100.1	88.2	—0.1	+0.6	+14.2
Hides and leather products	118.9	118.9	118.8	118.8	110.9	0	+0.1	+ 7.2
Textile products	96.6	96.5	96.5	96.5	87.6	+0.1	+0.1	+10.3
Fuel and lighting materials	79.6	79.6	79.7	79.6	79.8	0	0	— 0.3
Metals and metal products	*103.9	*103.9	*103.9	*103.9	98.7	0	0	+ 5.3
Building materials	110.3	110.3	110.2	110.0	105.7	0	+0.3	+ 4.4
Chemicals and allied products	96.2	96.2	96.3	96.4	85.8	0	—0.2	+12.1
Housefurnishing goods	104.1	104.1	104.1	104.4	96.9	0	—0.3	+ 7.4
Miscellaneous commodities	88.6	88.6	89.0	89.1	84.1	0	—0.6	+ 5.4
Raw materials	100.8	101.0	100.8	100.5	88.1	—0.2	+0.3	+14.4
Semimanufactured articles	92.6	92.6	92.6	92.6	89.7	0	0	+ 3.2
Manufactured products	*99.2	*99.1	*99.1	*98.8	92.2	+0.1	+0.4	+ 7.6
All commodities other than farm products	*97.4	*97.3	*97.3	*97.1	91.0	+0.1	+0.3	+ 7.0
All commodities other than farm products and foods	*95.7	*95.7	*95.8	*95.8	91.1	0	—0.1	+ 5.0

*Preliminary.

August Department Store Sales

The Board of Governors of the Federal Reserve System announced on Sept. 3 that department store sales increased more than seasonally in August and the Board's adjusted index rose further to an estimated 128% of the 1923-25 average. Value of sales in August was only about 5% smaller than a year ago when there was a large amount of anticipatory buying. Prices, however, have risen about 15% over the past year so that the physical volume of sales in August was considerably smaller than in August, 1941.

INDEX OF DEPARTMENT STORE SALES† (1923-25 AVERAGE=100)

	Aug., 1942	July, 1942	June, 1942	Aug., 1941
Adjusted for seasonal variation	128	121	104	134
Without seasonal adjustment	101	83	100	106

Change from corresponding period a year ago (per cent)

Federal Reserve District—	One week ending— Aug. 29	Aug. 22	Aug. 15	Aug. 8	Four weeks ending— Aug. 29	Aug. 1	June 27	May 30	Year to Aug. 29
Boston	—17	—10	— 2	— 6	— 9	+ 4	+ 2	+ 2	+11
New York	—15	— 6	— 7	—11	—10	— 1	— 7	0	+ 7
Philadelphia	— 1	— 6	— 5	+ 9	— 1	+ 5	+ 2	+ 3	+13
Cleveland	—16	—10	— 5	—14	—12	— 1	0	— 2	+10
Richmond	— 8	+11	+14	+ 3	+ 4	+12	+13	+ 9	+20
Atlanta	—15	+ 3	— 1	— 4	— 5	+ 4	+ 2	— 3	+ 6
Chicago	—14	r— 3	0	— 1	— 5	+ 3	0	— 3	+ 9
St. Louis	— 2	+ 6	+ 2	— 4	0	+ 1	+ 5	— 2	+11
Minneapolis	*	*	*	*	—15	— 2	— 5	— 8	+ 3
Kansas City	— 9	r+10	+12	+ 6	+ 3	+ 8	+ 8	— 3	+11
Dallas	—20	— 4	+ 1	— 5	— 8	+ 2	0	— 8	+ 4
San Francisco	—15	+ 6	+10	— 1	— 1	+ 9	+ 9	+ 4	+13
U. S. total	—14	r— 2	0	— 5	— 6	+ 3	+ 1	0	+10

WEEKLY INDEX, WITHOUT SEASONAL ADJUSTMENT (1935-39 AVERAGE=100)

1942—		1941—	
Aug. 8	110	Aug. 9	116
Aug. 15	113	Aug. 16	113
Aug. 22	r116	Aug. 23	119
Aug. 29	132	Aug. 30	152

r Revised. *Not shown separately but included in United States total. †Monthly indexes refer to daily average sales in calendar month; August 1942 figures estimated from weekly sales.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
1942—Week Ended—					
Apr. 4	161,888	169,249	436,029	100	101
Apr. 11	145,000	153,269	428,322	93	101
Apr. 18	129,834	153,442	404,199	94	101
Apr. 25	139,026	156,201	388,320	93	100
May 2	135,273	152,569	371,365	90	99
May 9	130,510	143,427	360,221	86	99
May 16	119,142	141,745	336,530	82	98
May 23	120,224	140,650	316,443	81	97
May 30	113,059	132,901	288,516	77	96
June 6	110,226	120,374	283,390	69	95
June 13	115,300	125,016	274,512	72	94
June 20	98,766	117,924	248,594	69	93
June 27	104,178	120,359	231,368	72	92
July 4	94,257	100,337	223,809	59	91
July 11	92,481	77,996	236,536	52	90
July 18	103,559	114,917	226,341	71	90
July 25	112,513	120,982	219,700	74	89
Aug. 1	119,023	125,653	213,443	76	89
Aug. 8	114,969	121,035	208,769	75	88
Aug. 15	120,262	122,735	208,206	73	88
Aug. 22	124,763	119,299	213,890	74	87
Aug. 29	122,236	124,440	212,953	77	87

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

August War Spending

War expenditures in August were $4,882,498,436, or more than three times the amount spent for national defense in the same month a year ago, the Treasury reported on Sept. 2. The month's outlay made a total of $9,376,959,122 for the first two months of the fiscal year. United Press advices also said:

"Spending in August for all purposes, including war and public-debt retirement, amounted to $5,215,417,813, to bring the fiscal year's total to date to $10,377,681,470.60.

"The national debt reached a peak of $86,277,118,919, against $57,858,206,813 for the corresponding period last year.

"Net income for August was $587,115,703, compared with $396,509,952 for the same month in 1941. Receipts for the fiscal year stood on Aug. 31 at $1,334,124,380.37, against $809,451,559.24 reported for the same period last year."

Appeals To Mine Workers To Stay On Their Jobs

An appeal to workers in mines and smelters producing copper, lead, zinc and other metals to stay on their jobs and produce vital raw materials was made on Sept. 1 by the heads of four war agencies. Messages to the miners were signed by Donald M. Nelson, Chairman of the War Production Board; Major Gen. Lewis B. Hershey, Selective Service Director; W. H. Davis, Chairman of the War Labor Board, and Paul V. McNutt, War Manpower Commission, Chairman.

In reporting the matter, United Press advices said:

"Copies of the letters will be sent to union and management in the mines, mills, smelters and refineries, and to mayors of mining towns, in an effort to halt the drain of skilled manpower away from the production of vital raw materials.

"No other job on the whole war production front is more important than the job you are doing," Mr. Nelson wrote. "Your comrades, the soldiers fighting on the battle front and the workers in the munitions plants, depend on you for the raw stuff to make these weapons."

Major Gen. Hershey said he had directed draft boards throughout the country "to give most serious consideration" to the deferment of men who are giving their time and energy to the production and refining of copper, zinc, lead, manganese, and other essential non-ferrous metals."

Mr. Davis said the WLB had before it 37 cases affecting the non-ferrous metals industry, and that several other cases would be certified soon. The Board, he said, would "do its best to expedite matters and effect an early determination of all issues."

"The nation's war effort is slowing down for the lack of ore from your mines," Mr. McNutt wrote. "Too many miners have left to take other jobs. Many of these jobs, it is true, are also in war production, but very few of them will contribute as much to victory as the job in the mine that was left behind."

July Foreclosures Down

The 3,558 non-farm foreclosures reported in July represent a new low record for the 15 years on which figures are available, the Federal Home Loan Bank Administration reported on Sept. 5. The best previous month was February, 1942, when 3,630 foreclosures were reported.

The FHLBA announcement added:

"The 8% reduction from the June foreclosure figure of 3,850 was sharper than the 6% decline expected at this time of the year, and resulted in a seasonally adjusted July index of 27.4, as compared with 100 for the 1935-1939 base period. More than two-thirds of the States displayed June-to-July movements which were favorable.

"Compared with the corresponding month of 1941, July foreclosures were down 26%. Each Federal Home Loan Bank District and all but 11 scattered States shared in this improvement over July of last year.

"The foreclosure rate for July was 2.3 per 1,000 dwellings; for the 12 months ending July 31, it was 2.5, as compared with 3.5 for the previous 12 months. Foreclosures for the 12 months ending in July totaled 48,238 cases, over half of which took place in counties of 60,000 or more dwellings, resulting in a rate of 3.8 per existing dwellings. The rate declined to only 1.2 per 1,000 for communities of less than 5,000 dwellings."

Trading On New York Exchanges

The Securities and Exchange Commission made public on Sept. 4 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Aug. 22, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Aug. 22 (in round-lot transactions) totaled 741,359 shares, which amount was 15.77% of total transactions on the Exchange of 2,349,780 shares. This compares with member trading during the previous week ended Aug. 15 of 460,394 shares, or 13.64% of total trading of 1,687,880 shares. On the New York Curb Exchange, member trading during the week ended Aug. 22 amounted to 83,750 shares, or 13.19% of the total volume of that Exchange of 317,500 shares; during the preceding week trading for the account of Curb members of 70,815 shares was 13.83% of total trading of 255,960 shares.

The Commission made available the following data for the week ended Aug. 22:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	969	685
1. Reports showing transactions as specialists	168	82
2. Reports showing other transactions initiated on the floor	145	15
3. Reports showing other transactions initiated off the floor	176	35
4. Reports showing no transactions	572	535

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED AUG. 22, 1942

	Total for Week	† Per Cent
A. Total Round-Lot Sales:		
Short sales	63,740	
‡Other sales	2,286,040	
Total sales	2,349,780	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	180,370	
Short sales	26,090	
‡Other sales	145,470	
Total sales	171,560	7.49
2. Other transactions initiated on the floor—		
Total purchases	122,530	
Short sales	6,700	
‡Other sales	98,370	
Total sales	105,070	4.84
3. Other transactions initiated off the floor—		
Total purchases	83,239	
Short sales	13,050	
‡Other sales	65,540	
Total sales	78,590	3.44
4. Total—		
Total purchases	386,139	
Short sales	45,840	
‡Other sales	309,380	
Total sales	355,220	15.77

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED AUG. 22, 1942

	Total for Week	† Per Cent
A. Total Round-Lot Sales:		
Short sales	2,305	
‡Other sales	315,195	
Total sales	317,500	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	26,385	
Short sales	1,320	
‡Other sales	24,530	
Total sales	25,850	8.23
2. Other transactions initiated on the floor—		
Total purchases	4,500	
Short sales	0	
‡Other sales	1,700	
Total sales	1,700	0.98
3. Other transactions initiated off the floor—		
Total purchases	11,815	
Short sales	400	
‡Other sales	13,100	
Total sales	13,500	3.98
4. Total—		
Total purchases	42,700	
Short sales	1,720	
‡Other sales	39,330	
Total sales	41,050	13.19
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	17,557	
Total purchases	17,557	
Total sales	10,985	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Market Value Of Stocks On New York Stock Exchange Higher On Aug. 31

The New York Stock Exchange announced on Sept. 4 that as of the close of business Aug. 31, there were 1,241 stock issues aggregating 1,471,287,744 shares listed on the New York Stock Exchange, with a total market value of $34,871,607,323. This compares with 1,239 stock issues aggregating 1,470,695,446 shares, having a total market value of $34,443,805,860 on July 31 and with 1,233 stock issues aggregating 1,464,307,598 shares, with a total market value of $41,472,032,904 on Aug. 30, 1941.

In making public the figures for Aug. 31, the Exchange also said:

As of the close of business Aug. 31, New York Stock Exchange member total net borrowings amounted to $325,764,816. The ratio of these member borrowings to the market value of all listed stocks on that date was, therefore, 0.93%. As the above figure includes all types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value.

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

Group	Aug. 31, 1942 Market Value $	Aug. 31, 1942 Average Price $	July 31, 1942 Market Value $	July 31, 1942 Average Price $
Amusement	283,908,954	13.47	282,653,431	13.40
Automobile	2,854,163,164	23.82	2,837,456,328	23.68
Aviation	528,329,344	15.28	500,707,891	14.48
Building	394,853,691	18.12	393,941,278	18.08
Business & office equipment	277,032,514	23.59	272,560,605	23.21
Chemical	4,827,594,986	50.68	4,809,473,623	50.49
Electrical equipment	1,151,246,252	28.67	1,124,488,015	28.37
Farm machinery	546,878,129	41.73	551,347,634	42.07
Financial	683,122,098	13.46	667,452,741	13.15
Food	2,286,205,379	24.47	2,254,435,351	24.13
Garment	36,182,302	21.61	37,619,238	22.47
Land & realty	15,350,995	3.16	16,369,659	3.37
Leather	182,938,364	21.76	176,404,448	20.98
Machinery & metals	1,198,522,884	17.50	1,181,351,874	17.25
Mining (excluding iron)	1,268,568,342	21.46	1,274,667,278	21.57
Paper & publishing	326,744,180	14.71	323,681,280	14.62
Petroleum	3,770,375,841	19.65	3,663,844,760	19.09
Railroad	2,750,086,111	24.14	2,680,070,627	23.53
Retail merchandising	1,808,008,440	24.67	1,790,473,324	24.43
Rubber	343,380,879	32.42	329,642,255	31.13
Ship building & operating	90,255,287	18.94	88,320,712	18.53
Shipping services	10,658,453	5.76	10,016,300	5.45
Steel, iron & coke	1,852,347,210	36.98	1,869,306,345	37.32
Textiles	326,066,138	23.25	325,215,308	23.19
Tobacco	1,000,782,714	37.36	1,022,095,077	38.16
Utilities:				
Gas & electric (operating)	1,453,510,835	15.73	1,463,127,310	15.84
Gas & electric (holding)	584,959,419	6.11	567,919,276	5.93
Communications	2,686,923,750	64.26	2,627,797,492	62.84
Miscellaneous	72,106,452	9.83	70,711,479	9.64
U. S. companies oper. abroad	461,780,098	13.63	451,079,555	13.32
Foreign companies	696,089,798	17.19	678,991,908	16.77
Miscellaneous businesses	102,574,320	17.47	100,583,458	17.13
All Listed Stocks	34,871,607,323	23.70	34,443,805,860	23.42

We give below a two-year compilation of the total market value and the average price of stocks listed on the Exchange:

	Market Value $	Average Price $		Market Value $	Average Price $
1940—			1941—		
May 31	36,546,583,208	25.26	July 31	41,654,256,215	28.46
June 29	38,775,241,138	26.74	Aug. 30	41,472,032,904	28.32
July 31	39,991,865,997	27.51	Sept. 30	40,984,419,434	28.02
Aug. 31	40,706,241,811	28.00	Oct. 31	39,057,023,174	26.66
Sept. 30	41,491,698,705	28.56	Nov. 29	37,882,316,239	25.87
Oct. 31	42,673,890,518	29.38	Dec. 31	35,785,946,533	24.46
Nov. 30	41,848,246,961	28.72	1942—		
Dec. 31	41,890,646,959	28.80	Jan. 31	36,228,397,999	24.70
1941—			Feb. 28	35,234,173,432	24.02
Jan. 31	40,279,504,457	27.68	Mar. 31	32,844,183,750	22.36
Feb. 28	39,398,228,749	27.08	Apr. 30	31,449,206,904	21.41
Mar. 31	39,696,269,155	27.24	May 29	32,913,725,225	22.40
Apr. 30	37,710,958,708	25.78	June 30	33,419,047,743	22.73
May 31	37,815,306,034	25.84	July 31	34,443,805,860	23.42
June 30	39,607,836,569	27.07	Aug. 31	34,871,607,323	23.70

Engineering Construction Tops $200,000,000-Mark For Fourth Consecutive Week

Engineering construction volume for the week, $261,671,000, tops the $200,000,000-mark for the fourth consecutive week, is 20% higher than the total reported a week ago, and almost three times the volume for the short 1941 week, according to "Engineering News-Record" on Sept. 3. Public work is 21% higher than in the preceding week, but private construction is 16% lower. Federal construction accounts for 94% of the week's total, and exceeds its last week's mark by 22%. The report added:

The current week's construction brings the volume for 1942 to $7,181,568,000, an increase of 62% over the total for the 36-week period in 1941. Private construction, $442,786,000, is 51% below the period last year, but public work is 92% higher than a year ago due to the 143% gain in Federal work. State and municipal volume is 54% lower than in the 1941 period.

Construction volumes for the 1941 week, last week, and the current week are:

	Sept. 4, 1941 (four days)	Aug. 27, 1942 (five days)	Sept. 3, 1942 (five days)
Total Construction	$90,014,000	$217,798,000	$261,671,000
Private Construction	14,921,000	7,424,000	6,269,000
Public Construction	75,093,000	210,374,000	255,402,000
State and Municipal	20,868,000	8,371,000	8,821,000
Federal	54,225,000	202,003,000	246,581,000

In the classified construction groups, gains over last week are in waterworks, sewerage, bridges, industrial buildings, and public buildings. Gains over the short 1941 week are in waterworks, sewerage, bridges, public buildings, earthwork and drainage, streets and roads, and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $6,153,000; sewerage, $3,506,000; bridges, $1,839,000; industrial buildings, $1,707,000; commercial building and large-scale private housing, $3,682,000; public buildings, $184,823,000; earthwork and drainage, $3,468,000; streets and roads, $13,085,000; and unclassified construction, $43,408,000.

New capital for construction purposes for the week totals $5,280,000, a decrease of 51% from the volume for the corresponding 1941 week. The current week's new financing is made up of $5,000,000 in corporate security issues, and $280,000 in State and municipal bond sales.

New construction financing for the year to date, $9,524,024,000, is 76% above the $5,414,135,000 reported for the corresponding 36-week period last year.

Used Equipment Now Under Control Of WPB

The War Production Board announced on Sept. 1 that used laundry equipment having a value in excess of $100 has been brought under the restrictions on distribution contained in Limitation Order L-91. The order previously covered only new and rebuilt equipment.

Amendment No. 1 to the order, as amended, subjects used laundry equipment, dry cleaning equipment and tailors' pressing machinery to the same control that has been exercised over new and rebuilt machinery.

Under the terms of the amendment, used machinery, as well as all other types covered by L-91, cannot be delivered to any person except under certain conditions. Deliveries may be made to the Army, Navy and other designated agencies and foreign governments, and upon specific authorization of the Director General for Operations issued on Form PD-418.

The WPB pointed out that the amendment, in addition to bringing used equipment under control, clears up uncertainty on the part of manufacturers regarding their right to make parts to rebuild, recondition, repair or maintain existing equipment. The amendment states that the prohibitions do not apply to such operations.

Ceiling Price Adjustment Simplified by OPA

Further decentralization of the administration of price control at retail levels was made by the Office of Price Administration on Sept. 1 with the establishment of a simpler and faster procedure for handling retailers' applications for adjustment of their ceiling prices.

The machinery providing for expedited handling of applications was set up in two companion actions:

First, with the issuance of Procedural Regulation No. 2, retailers are authorized to send their applications for adjustment of price ceilings directly to any OPA regional, state or district office.

Second, under an order from Leon Henderson, Price Administrator, the eight OPA regional administrators are authorized to extend to state and district OPA offices power to grant or deny retailers' applications. Such delegations will be made at the discretion of the Regional Administrator as soon as they are deemed administratively feasible.

Hitherto under temporary procedural regulations issued with the General Maximum Price Regulation and the Services Regulation (No. 165), retailers were permitted to file only with one of the eight regional offices.

The new procedure makes available to the retailer the facilities and assistance of the 100 State and district offices of OPA and the intimate knowledge of the personnel in these offices with local cost and competitive conditions.

As a basic rule, OPA regulations permit retailers to apply for adjustment of ceilings if their ceilings are out of line with those of competitors and cause substantial hardship. The new procedural regulation in no way alters this rule or the grounds on which retailers may seek relief.

The new procedural regulation governs retailers' applications for adjustment under any OPA price regulation, and is effective Sept. 1. It permits a retailer to appeal from district or State office to the regional office and then to the Retail Trade and Services Division at Washington if he is dissatisfied with the action taken in his case.

If the office in which a retailer files an application is not authorized to handle the case, it is OPA's responsibility to forward the application to the proper place.

Daily Average Crude Oil Production For Week Ended Aug. 29, 1942 Dropped 7,350 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Aug. 29, 1942, was 3,964,350 barrels, a decrease of 7,350 barrels from the preceding week, and 40,350 barrels less than the daily average for the corresponding period last year. The current figure is also 74,150 barrels below the daily average figure for the month of August, 1942, as recommended by the Office of Petroleum Coordinator. Daily production for the four weeks ended Aug. 29, 1942 averaged 3,950,000 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 85.6% of the 4,800,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,697,000 barrels of crude oil daily during the week ended Aug. 29, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of that week, 80,831,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 11,300,000 barrels during the week ended Aug. 29, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations August	*State Allowables Beginning Aug. 1	—Actual Production— Week Ended Aug. 29 1942	Change From Previous Week	4 Weeks Ended Aug. 29 1942	Week Ended Aug. 30 1941
Oklahoma	415,500	415,500	†378,600	— 1,550	381,150	427,650
Kansas	281,900	281,900	†290,050	— 6,950	283,500	254,300
Nebraska	4,100	------	†3,200	— 100	3,350	7,350
Panhandle Texas			88,900	— 5,000	94,400	80,300
North Texas			138,400	— 900	137,900	131,300
West Texas			226,800	+ 2,250	230,200	274,350
East Central Texas			87,150	— 2,100	90,700	84,950
East Texas			363,000	+ 3,000	375,850	369,550
Southwest Texas			200,350	+ 2,250	191,300	219,200
Coastal Texas			309,750	+ 11,550	300,050	289,650
Total Texas	¶1,396,700	‡1,388,021	1,412,350	+ 11,050	1,420,400	1,449,300
North Louisiana			97,650	+ 600	97,200	79,900
Coastal Louisiana			240,550	+ 500	237,750	254,000
Total Louisiana	332,600	350,600	338,200	— 1,100	334,950	333,900
Arkansas	81,600	72,072	71,050	— 1,050	72,050	74,650
Mississippi	50,000		†75,550	— 1,000	76,250	50,600
Illinois	289,300		268,050	— 6,650	269,850	391,100
Indiana	20,600		†16,950	— 1,350	17,800	20,250
Eastern (not includ. Ill. & Ind.)	110,000		96,500	— 650	95,850	95,150
Michigan	66,800		61,800	— 1,500	62,650	47,250
Wyoming	95,000		90,900	+ 450	90,250	84,750
Montana	22,700		22,900	------	23,050	20,350
Colorado	7,200		6,550	— 250	6,650	3,900
New Mexico	97,300	97,300	95,300	------	83,700	113,800
Total East of Calif.	3,271,300		3,227,950	— 8,450	3,221,450	3,374,300
California	767,200	§767,200	736,400	+ 1,100	728,550	630,400
Total United States	4,038,500		3,964,350	— 7,350	3,950,000	4,004,700

*O. P. C. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual State production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline in May, 1942, as follows: Oklahoma, 28,100; Kansas, 4,600; Texas, 97,500; Louisiana, 17,900; Arkansas, 2,700; New Mexico, 5,200; California, 40,000; other States, 20,700.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m. Aug. 26.

‡As provided for in the original order of the Texas Railroad Commission, this is the net basic allowable as of Aug. 1 calculated on a 31-day basis and including shutdowns and exemptions for the entire month. Shutdown was ordered for Aug. 8, 9, 15, 16, 22, 23, 29, 30 and 31. A revised order was issued, effective Aug. 8, increasing the allowable to approximately 1,482,433 barrels and lifting the shutdowns in certain fields for Aug. 8, 22, 23, 29, 30 and 31.

§Recommendation of Conservation Committee of California Oil Producers.

¶Later press reports indicate that this figure was revised upward to approximately 1,456,700.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED AUG. 29, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis (columns Crude Runs to Stills through Stocks of Residual Fuel Oil)

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,440	88.2	1,655	67.8	5,062	38,886	21,558	18,794
Appalachian	176	84.8	158	89.8	446	2,858	596	486
Ind., Ill., Ky.	804	83.3	737	91.7	2,498	14,547	5,595	3,625
Okla., Kansas, Mo.	416	80.1	366	88.0	1,257	6,932	1,742	1,296
Rocky Mountain	147	48.0	94	63.9	306	1,949	434	535
California	817	89.9	687	84.1	1,731	15,659	12,135	53,298
Tot. U. S. B. of M. basis Aug. 29, 1942	4,800	85.6	3,697	77.0	11,300	80,831	42,060	78,034
Tot. U. S. B. of M. basis Aug. 22, 1942	4,800	85.6	3,723	77.6	11,255	80,443	40,416	78,007
U. S. Bur. of Mines basis Aug. 30, 1941			4,133		13,639	80,394	47,089	93,790

*At the request of the Office of Petroleum Coordinator.
†Finished 72,306,000 bbl.; unfinished 8,525,000 bbl.
‡At refineries, at bulk terminals, in transit, and in pipe lines.

Automobile Financing And Diversified Financing For Month Of July

Sales Finance Companies reported 2% more new passenger cars financed during July 1942 than during the preceding month of this year, according to an announcement released on Aug. 31 by J. C. Capt, Director of the Census. The July index for the number of new cars financed was 53, showing a 47% drop since January, 1942, when the index was 100. The dollar volume of paper acquired in new passenger car financing also increased 2% over June, 1942, the index rising two points to 57, showing July volume 43% less than in January, 1942. In used passenger car financing, the number decreased 2% from June, 1942, but the dollar volume showed little change. In new commercial car financing, month ago comparisons show that the number decreased 13%, and the dollar volume, 14%; while the number and dollar volume of used commercial cars decreased 9% and 8%, respectively.

Retail automotive outstandings held by sales finance companies were reduced an average of 10% during July, 1942. A year ago comparison shows a 56% drop in these outstanding balances, as shown by an index of 176 for July 31, 1941 and an index of 77 for July 31, 1942.

The volume of wholesale automotive paper acquired by sales finance companies decreased 12% for new cars and 3% for used cars. The outstanding balances for wholesale financing decreased 9% during July, 1942, to an index of 175, showing an 11% decline from Jan. 31, 1942, when the index was 196.

In retail diversified financing, all classes of paper acquired by sales finance companies showed decreases for July, 1942, compared with June, 1942. The largest decrease (47%) occurred in the financing of refrigerators, followed by other household appliances (32%), residential building repair and modernization (14%), radios and other musical instruments (10%), furniture (9%), and industrial, commercial, and farm equipment (7). In wholesale diversified financing, the volume of paper acquired was down 34% from June to July of this year.

Diversified outstanding balances held by sales finance companies were further reduced in volume during July. Outstanding balances were down 7% for the retail financing of other consumers' goods, 5% for industrial, commercial, and farm equipment, and 16% for wholesale diversified financing (other than automotive).

The ratios of the paper acquired during July, 1942, to the outstanding balances as of July 31, 1942, were 5% for retail automotive, 4% for wholesale automotive, 11% for wholesale—other than automotive, 3% for retail—other consumers' goods, and 3% for industrial, commercial, and farm equipment.

These data on the current trends of sales financing for the month of July were based on reports for June and for July from 270 sales finance companies. Neither the dollar volumes nor the indexes should be used to indicate the total amount of financing by all sales finance companies in the United States. The data are published as reported without adjustment for seasonal or price fluctuations. The figures presented in tables below are not comparable to those published for previous months, since monthly reports were not received each month from identical sales finance companies. All indexes for July were obtained by calculating the percent changes from June to July, as shown by data on reports for both months from the same sales finance companies, and by linking these percentages to the indexes previously derived for June, 1942.

Sales—Finance Companies

AUTOMOTIVE AND DIVERSIFIED FINANCING

Volume of Paper Acquired During July, 1942 and Balances Outstanding July 31, 1942

Class of Paper—	Dollar volume of paper acquired during July, 1942 By all companies	Dollar volume of paper acquired during July, 1942 By all companies reporting outstanding balances†	Outstanding balances July 31, 1942†	Ratio of paper acquired to outstand'g balances‡
Total retail automotive	$30,245,087	$29,621,840	$640,612,200	5
Total wholesale automotive	10,996,904	10,930,563	282,880,414	4
Total wholesale—other than automotive	548,448	496,343	4,695,413	11
Total retail—other consum. goods	7,010,426	6,812,428	213,911,170	3
Industrial, commercial and farm equipment	554,466	503,659	16,599,494	3
Total sales financings	$49,355,331	$48,364,813	$1,158,698,691	4

†Data are based on figures from sales finance companies able to report both their paper acquired and their outstanding balances.

‡Ratios obtained by dividing paper acquired (column 2) by outstanding balances (column 3).

AUTOMOTIVE FINANCING *

Number of Cars Financed and Volume of Paper Acquired During July, 1942

Class of Paper—	Number of cars Number	Number of cars % of total	Paper acquired Dollar Volume	Paper acquired % of total
Total retail automotive	69,463	100	†$28,355,927	100
New passenger cars	6,092	9	4,813,214	17
New commercial cars	490	1	581,127	2
Used passenger cars	60,171	86	21,803,113	77
Used commercial cars	2,710	4	1,158,473	4
Total wholesale automotive	----	--	†$8,763,532	100
New cars (passenger and commercial)	----	--	6,318,354	72
Used cars (passenger and commercial)	----	--	2,445,178	28

*Data are based on reports from sales finance companies providing a breakdown of their retail and wholesale automotive financing. †These amounts are less than those reported in column 1 of above table, due to the inclusion in that table of data from some sales finance companies that could not provide a breakdown.

DIVERSIFIED FINANCING *

Volume of Paper Acquired During July, 1942

Class of Paper	Dollar Volume†	% of total
Retail—other consumers' goods:		
Furniture	$212,053	5
Radio, television sets, pianos & other musical instruments	73,904	2
Refrigerators (gas and electric)	276,524	6
Other household appliances	109,073	2
Residential building repair and modernization	2,356,714	49
Miscellaneous retail	639,906	13
Total retail—other consumers' goods	$3,668,174	77
Total wholesale—other than automotive	548,448	11
Industrial, commercial, and farm equipment	554,466	12
Total diversified financing	$4,771,088	100

*Data are based on reports from sales finance companies providing a breakdown of their retail financing of other consumers' goods. †This amount is less than that reported in column 1 of table on "Automotive and Diversified Financing" due to the inclusion in that table of data from some sales finance companies that could not provide a breakdown.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Sept. 4 a summary for the week ended Aug. 29, 1942, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Aug. 29, 1942	Total for week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of orders	8,403
Number of shares	221,830
Dollar value	7,872,500
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	191
*Customers' other sales	8,468
Customers' total sales	8,659
Number of Shares:	
Customers' short sales	5,085
*Customers' other sales	210,687
Customers' total sales	215,772
Dollar value	6,358,620
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	130
†Other sales	62,790
Total sales	62,920
Round-lot Purchases by Dealers—	
Number of shares	68,850

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended Aug. 29, 1942

Lumber production during the week ended Aug. 29, 1942, was 0.5% greater than the previous week, shipments were 0.1% less, new business 6% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 5% above production; new orders 8% above production. Compared with the corresponding week of 1941, production was 8% less, shipments 15% less, and new business 19% greater. The industry stood at 130% of the average of production in the corresponding week of 1935-39 and 136% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 34 weeks of 1942 was 5% below corresponding weeks of 1941, shipments were 4% above the shipments, and new orders 7% above the orders of the 1941 period. For the 34 weeks of 1942, new business was 21% above production, and shipments were 14% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 73% on Aug. 29, compared with 42% a year ago. 1942, compared with 42% a year ago. Unfilled orders were 26% greater than a year ago; gross stocks were 28% less.

Softwoods and Hardwoods

Record for the current week ended Aug. 29, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

SOFTWOODS AND HARDWOODS

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	448	448	463
Production	267,454	292,271	266,083
Shipments	281,362	332,831	281,546
Orders	288,582	243,144	271,530

	Softwoods 1942 Week	Hardwoods 1942 Week
Mills	364	95
Production	255,620—100%	11,834—100%
Shipments	266,586—104	14,776—125
Orders	275,051—108	13,531—114

Revenue Freight Car Loadings During Week Ended Aug. 29, 1942 Totaled 899,419 Cars

Loading of revenue freight for the week ended Aug. 29, totaled 899,419 cars, the Association of American Railroads announced on Sept. 3. This was a decrease below the corresponding week in 1941 of 13,301 cars or 1.5%, but an increase above the same week of 1940 of 130,644 cars or 17.0%.

Loading of revenue freight for the week of Aug. 29 increased 30,015 cars or 3.5% above the preceding week.

Miscellaneous freight loading totaled 419,326 cars, an increase of 16,613 cars above the preceding week, and an increase of 29,021 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 91,157 cars, an increase of 1,610 cars above the preceding week, but a decrease of 67,154 cars below the corresponding week in 1941.

Coal loading amounted to 167,981 cars, an increase of 7,270 cars above the preceding week, but a decrease of 2,388 cars below the corresponding week in 1941.

Grain and grain products loading totaled 47,463 cars, a decrease of 2,209 cars below the preceding week, but an increase of 3,927 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Aug. 29 totaled 33,458 cars, a decrease of 1,575 cars below the preceding week, but an increase of 3,857 cars above the corresponding week in 1941.

Live stock loading amounted to 16,392 cars, an increase of 1,661 cars above the preceding week, and an increase of 3,930 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of Aug. 29 totaled 12,533 cars, an increase of 1,402 cars above the preceding week, and an increase of 3,308 cars above the corresponding week in 1941.

Forest products loading totaled 54,686 cars, an increase of 2,656 cars above the preceding week, and an increase of 6,936 cars above the corresponding week in 1941.

Ore loading amounted to 88,529 cars, an increase of 2,532 cars above the preceding week, and an increase of 11,981 cars above the corresponding week in 1941.

Coke loading amounted to 13,885 cars, a decrease of 118 cars below the preceding week, but an increase of 446 cars above the corresponding week in 1941.

All districts reported decreases compared with the corresponding week in 1941, except the Southern, Northwestern, Centralwestern and Southwestern, but all districts reported increases over 1940.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Five weeks of May	4,170,713	4,160,060	3,351,840
Four weeks of June	3,385,769	3,510,057	2,896,953
Four weeks of July	3,321,568	3,413,435	2,822,450
Week of Aug. 1	863,528	883,022	717,927
Week of Aug. 8	849,752	878,505	727,073
Week of Aug. 15	868,845	890,337	743,050
Week of Aug. 22	869,404	899,788	761,108
Week of Aug. 29	899,419	912,720	768,775
Total	28,732,521	27,727,539	23,454,918

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Aug. 29, 1942. During this period only 62 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED AUG. 29

Railroads	Total Revenue Freight Loaded 1942	1941	1940	Total Loads Received from Connections 1942	1941
Eastern District—					
Ann Arbor	321	597	629	1,297	1,425
Bangor & Aroostook	864	988	776	154	263
Boston & Maine	6,494	9,403	7,627	14,037	13,689
Chicago, Indianapolis & Louisville	1,476	1,838	1,433	1,885	2,490
Central Indiana	21	17	19	71	69
Central Vermont	1,097	1,603	1,295	2,614	2,620
Delaware & Hudson	6,234	7,348	5,313	11,458	10,673
Delaware, Lackawanna & Western	7,917	10,403	8,050	10,358	8,571
Detroit & Mackinac	541	373	380	191	101
Detroit, Toledo & Ironton	1,595	2,349	1,795	1,207	1,310
Detroit & Toledo Shore Line	296	366	274	2,627	3,698
Erie	12,277	15,933	12,775	16,099	15,58[illegible]
Grand Trunk Western	4,755	4,973	4,706	8,666	8,960
Lehigh & Hudson River	156	174	140	3,457	2,671
Lehigh & New England	2,374	2,094	1,621	2,065	1,940
Lehigh Valley	8,765	10,513	8,703	15,541	10,308
Maine Central	2,317	3,542	2,690	2,438	2,566
Monongahela	6,338	6,449	5,161	391	374
Montour	2,387	2,460	2,347	24	67
New York Central Lines	49,346	53,269	43,575	55,029	50,850
N. Y., N. H. & Hartford	10,068	12,266	10,256	19,933	16,171
New York, Ontario & Western	1,091	1,273	1,204	2,363	2,405
New York, Chicago & St. Louis	7,886	7,233	5,914	16,236	14,241
N. Y., Susquehanna & Western	414	412	328	1,184	1,623
Pittsburgh & Lake Erie	7,713	8,992	8,080	8,347	8,408
Pere Marquette	5,575	6,202	5,929	5,855	6,552
Pittsburgh & Shawmut	842	751	882	17	4[illegible]
Pittsburgh, Shawmut & North	384	441	418	336	266
Pittsburgh & West Virginia	1,189	1,012	880	3,446	2,593
Rutland	410	606	724	1,071	1,242
Wabash	6,457	6,486	5,362	12,529	10,447
Wheeling & Lake Erie	5,885	6,091	4,398	5,047	4,265
Total	163,485	186,463	153,689	225,983	206,589
Allegheny District—					
Akron, Canton & Youngstown	678	761	541	1,226	1,108
Baltimore & Ohio	43,262	44,052	34,932	27,562	22,134
Bessemer & Lake Erie	6,877	7,284	6,268	2,657	2,201
Buffalo Creek & Gauley	275	312	343	1	0
Cambria & Indiana	2,072	1,944	1,502	19	24
Central R. R. of New Jersey	7,704	9,013	6,464	21,050	16,358
Cornwall	639	675	672	59	80
Cumberland & Pennsylvania	264	296	200	9	2[illegible]
Ligonier Valley	138	117	127	64	38
Long Island	1,176	957	770	3,583	3,028
Penn-Reading Seashore Lines	2,199	2,307	1,536	2,522	2,126
Pennsylvania System	87,566	93,898	71,497	67,923	59,777
Reading Co.	15,594	17,278	15,000	28,897	23,469
Union (Pittsburgh)	21,995	19,676	19,513	7,788	6,759
Western Maryland	4,231	4,226	3,464	12,909	9,095
Total	194,670	202,796	162,829	176,269	146,223
Pocahontas District—					
Chesapeake & Ohio	28,575	29,233	25,846	14,051	13,445
Norfolk & Western	23,416	24,869	22,142	6,901	6,138
Virginian	4,542	4,931	4,265	2,121	1,838
Total	56,533	59,033	52,253	23,073	21,421
Southern District—					
Alabama, Tennessee & Northern	390	450	249	371	289
Atl. & W. P.—W. R. R. of Ala.	767	912	770	2,565	1,925
Atlanta, Birmingham & Coast	705	778	741	1,207	1,017
Atlantic Coast Line	12,037	10,796	9,561	9,579	6,567
Central of Georgia	3,828	4,655	3,958	4,280	3,753
Charleston & Western Carolina	367	435	442	1,534	1,414
Clinchfield	1,785	1,824	1,407	2,794	2,747
Columbus & Greenville	393	336	205	221	381
Durham & Southern	106	203	166	668	451
Florida East Coast	838	426	480	1,824	898
Gainesville Midland	38	35	25	79	117
Georgia	1,489	1,266	1,036	2,690	1,773
Georgia & Florida	417	345	469	593	577
Gulf, Mobile & Ohio	4,428	4,365	3,297	4,843	3,595
Illinois Central System	28,200	27,371	21,447	18,093	16,226
Louisville & Nashville	26,650	26,142	22,749	10,382	8,357
Macon, Dublin & Savannah	194	214	131	757	676
Mississippi Central	191	232	129	667	330
Nashville, Chattanooga & St. L.	3,381	3,400	3,002	4,439	3,110
Norfolk Southern	1,215	1,461	1,084	1,924	1,53[illegible]
Piedmont Northern	341	470	434	1,171	1,378
Richmond, Fred. & Potomac	466	447	371	8,196	5,204
Seaboard Air Line	10,446	9,639	9,039	8,522	5,907
Southern System	24,207	25,037	21,664	25,095	18,74[illegible]
Tennessee Central	545	580	431	910	681
Winston-Salem Southbound	196	148	164	1,088	1,156
Total	123,680	122,167	103,451	114,492	88,368
Northwestern District—					
Chicago & North Western	22,187	23,270	20,922	12,926	14,297
Chicago Great Western	2,554	3,218	2,504	3,377	3,420
Chicago, Milw., St. P. & Pac.	21,919	25,299	20,902	10,512	11,569
Chicago, St. Paul, Minn. & Omaha	4,503	4,587	4,237	4,691	4,701
Duluth, Missabe & Iron Range	31,574	24,858	20,707	300	319
Duluth, South Shore & Atlantic	1,220	1,737	902	1,353	499
Elgin, Joliet & Eastern	10,093	11,038	9,695	10,019	9,239
Ft. Dodge, Des Moines & South	557	679	576	123	184
Great Northern	28,816	26,143	24,506	6,218	4,46[illegible]
Green Bay & Western	455	680	516	885	790
Lake Superior & Ishpeming	2,120	3,287	3,619	52	102
Minneapolis & St. Louis	2,238	2,262	1,851	2,374	2,456
Minn., St. Paul & S. S. M.	8,417	8,325	7,918	3,436	3,506
Northern Pacific	12,644	13,386	11,244	4,820	5,150
Spokane International	*262	214	351	*679	352
Spokane, Portland & Seattle	2,893	2,672	2,005	3,135	2,742
Total	152,458	151,655	132,455	65,900	63,812
Central Western District—					
Atch., Top. & Santa Fe System	23,213	22,380	20,018	12,164	9,106
Alton	3,559	3,485	3,029	4,729	2,902
Bingham & Garfield	563	669	610	77	81
Chicago, Burlington & Quincy	21,373	18,726	15,146	11,706	11,038
Chicago & Illinois Midland	2,614	2,316	2,208	896	986
Chicago, Rock Island & Pacific	12,666	14,518	12,576	12,357	11,745
Chicago & Eastern Illinois	2,881	3,163	2,672	4,385	3,301
Colorado & Southern	885	838	692	1,835	1,470
Denver & Rio Grande Western	4,459	5,023	3,911	6,020	4,385
Denver & Salt Lake	776	816	805	25	2[illegible]
Fort Worth & Denver City	1,624	1,181	975	2,114	1,298
Illinois Terminal	1,862	2,110	1,880	2,443	2,315
Missouri-Illinois	1,348	1,119	974	368	814
Nevada Northern	2,164	2,050	1,943	118	115
North Western Pacific	1,297	1,267	879	812	558
Peoria & Pekin Union	7	15	10	0	0
Southern Pacific (Pacific)	33,522	31,243	26,867	10,995	7,491
Toledo, Peoria & Western	271	335	385	1,741	1,674
Union Pacific System	16,750	17,420	15,335	15,772	11,802
Utah	463	545	297	9	10
Western Pacific	2,419	2,072	1,927	3,830	3,183
Total	134,716	131,291	113,139	92,396	74,330
Southwestern District—					
Burlington-Rock Island	945	285	163	274	234
Gulf Coast Lines	4,975	3,675	3,074	2,573	2,083
International-Great Northern	3,334	2,210	1,947	3,087	2,454
Kansas, Oklahoma & Gulf	366	243	241	1,503	1,053
Kansas City Southern	4,802	2,882	2,311	3,211	3,022
Louisiana & Arkansas	4,218	2,524	1,950	2,101	1,994
Litchfield & Madison	365	395	298	1,214	1,554
Midland Valley	771	834	648	176	281
Missouri & Arkansas	208	166	169	543	417
Missouri-Kansas-Texas Lines	5,764	4,507	4,333	5,077	4,095
Missouri Pacific	18,574	16,922	14,389	21,070	12,220
Quanah Acme & Pacific	82	109	75	225	150
St. Louis-San Francisco	9,717	9,218	7,471	8,676	6,367
St. Louis Southwestern	2,961	2,646	2,273	6,198	3,401
Texas & New Orleans	12,016	8,389	7,555	4,678	4,125
Texas & Pacific	4,643	4,165	3,895	7,750	4,699
Wichita Falls & Southern	118	118	151	25	51
Weatherford M. W. & N. W.	18	21	16	25	44
Total	73,877	59,315	50,959	68,406	48,240

*Previous week's figure.
Note—Previous year's figures revised.

Non-Ferrous Metals—Copper-Zinc Producers Active—Foreign Silver In N. Y. 44¾c. An Oz.

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Sept. 3, stated: "OPA established the ceiling price of foreign silver at 45¢ an ounce on Aug. 31. On the following day, Sept. 1, the first day on which business was transacted at the new level, Handy & Harman raised the New York official quotation from 35⅛¢ to 44.75¢. The Treasury's buying price of 35¢ for foreign silver was not disturbed, indicating that the Government is out of the market for the present. The conservation order for lead is to be modified soon, owing to a comfortable supply situation. Copper and zinc producers were active last week on September allocations." The publication further went on to say in part:

Copper

Producers were busy during the last week moving copper to fabricators holding allocation certificates for September. The tonnage released again will be large, though not quite up to the mark of recent months. Conservation in use of copper by the armed forces is becoming a fact, and this development is expected to help the supply situation materially in the not too distant future. Domestic metal is moving to consumers at 12¢, Valley, with foreign copper going forward to Metals Reserve on the basis of 11.75¢, f.a.s. United States ports.

Lead

September requirements of domestic consumers are about 60% covered, according to trade estimates. The price of common lead continued unchanged on the basis of 6.50¢, New York, and 6.35¢, St. Louis.

At a recent WPB meeting in Washington the question of modifying the lead conservation order came up for discussion. It is known that use of lead in cable, foil, batteries, plumbing supplies, and certain pigments is down. The conservation order will be eased, the trade believes, but just when this action will take place is not known.

Price regulations on the sale of storage batteries, originally scheduled by OPA for Sept. 1, have been postponed until Oct. 1. The authorities asked for more time in which to complete studies of cost factors in the manufacture and sale of batteries. Retail sales are not involved in the order.

Zinc

With September allocations in the hands of consumers, metal is being shipped in volume to those active on war work. Quotations for Prime Western continued on the basis of 8¼¢, St. Louis.

Tin

Recovery of secondary tin as metal and in alloys totaled 42,033 short tons in 1941, compared with 33,222 tons in 1940, according to figures released last week by Bureau of Mines, U. S. Department of the Interior. Of the tonnage recovered last year, 12,427 tons was obtained from new scrap and 29,606 tons from old scrap.

The market situation in tin remains unchanged.

Straits quality tin for future delivery was nominally as follows:

	Sept.	Oct.	Nov.
Aug. 27	52.000	52.000	52.000
Aug. 28	52.000	52.000	52.000
Aug. 29	52.000	52.000	52.000
Aug. 31	52.000	52.000	52.000
Sept. 1	52.000	52.000	52.000
Sept. 2	52.000	52.000	52.000

Chinese tin, 99%, spot, 51.125¢ all week.

Quicksilver

In reference to the recent advance in London prices, mail advices from the British trade center state that the Ministry of Supply fixed the ex warehouse quotation for lots of 11 flasks or more at £68 10s a flask, effective July 28. The maximum on smaller quantities is £69 15s. Quotations in New York continued at $194.43 to $198.08 per flask.

Silver

The order establishing a ceiling of 45¢ an ounce on imported silver was announced by OPA during the last week. The price became effective on Aug. 31, but the order was not received in New York in time to permit sellers to interpret the measure and name a price for that day. Consequently, trading in foreign silver was suspended on Aug. 31 and there was no official price. Our average of 35.125¢ for August is based on the 20 days of the month on which business was transacted in foreign silver. A ceiling of 71.11¢ plus freight was fixed for newly mined domestic silver.

On Sept. 1, business was transacted at the newly authorized ceiling price of 45¢, and on this basis Handy & Harman raised the New York official quotation to 44¾¢. The Treasury's price remained at 35¢. London continued to quote 23½d all week.

Secretary Morgenthau said the Treasury has stocks of 2,900,000,000 oz. of silver, of which 1,550,000,000 oz. is a reserve against silver certificates. The balance constitutes "free" silver, all of which is being "lend-leased" for use in war plants. No new purchases of foreign silver have been made by the Treasury since November, 1941, Mr. Morgenthau said, and delivery of newly mined domestic silver has been postponed to permit such silver to go into industrial uses. Imports of 100,000,000 oz. a year from Mexico and Canada are inadequate for present demand, he declared in a statement to the press.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Items About Banks, Trust Companies

William Morgan Kingsley, Chairman of the Board of the United States Trust Co. of New York and a civic leader for many years, died on Sept. 7 at his summer home at Skytop, Pa., after a brief illness. He was 78 years old.

A native of New York City, Mr. Kingsley was graduated from New York University in 1883 and began his banking career as a clerk in the financial house of Brown Brothers. In 1891, with the late James B. Mabon, he founded the brokerage firm of Kingsley, Mabon & Co. Mr. Kingsley began his association with the United States Trust Co. in 1906 as Vice-President and was elected President in 1927. He became Chairman of the Board in 1938.

Mr. Kingsley had remained very active in the affairs of New York University ever since his graduation and at his death was senior member of the university council. He was Treasurer of the university from 1904 to 1938.

He had also been formerly President of the Board of Directors of the Union Theological Seminary, President of the New York City Young Men's Christian Association, President of the American University of Beirut (formerly the Syrian Protestant College), a founder of the Madison Square Boys Club, an executive of the American Seamen's Friend Society and Treasurer of the Salvation Army.

Harlan H. Newell, banker and industrialist of Cleveland, was elected a Vice-President of the Continental Bank & Trust Co., New York City, at a meeting of the Board of Directors held on Sept. 8. Mr. Newell formerly was Vice-President of the Society for Savings Bank of Cleveland.

The Pan American Trust Co., New York City, has received permission from the State Banking Department to increase its capital stock and authorization of new shares of stock, from $600,000, consisting of 24,000 shares having a par value of $25 each, to $700,000, consisting of 28,000 shares having a par value of $25 each.

Armand Dreyfus, a director and former managing director of the Swiss Bank Corporation, died on Sept. 2 at Lewiston, Me. He was 66 years old. Mr. Dreyfus was managing director of the Swiss Bank Corporation until he came to New York in 1940 to establish the bank's American agency. He later resigned the post, retaining the position of director.

Frederick Pflomm, Vice President and Trustee of the North River Savings Bank, New York City, died on Sept. 3 at Lenox Hill Hospital afer a brief illness. He was 74 years old. Mr. Pflomm was co-founder of F. and G. Pflomm Real Estate Co. and had been in the real estate business in New York City for over 50 years.

The Union Dime Savings Bank, New York City issued on Sept. 2 the 10,000th United States War Savings Bond under its Payroll Savings Plan operated for the regular purchase of war bonds out of income. More than 200 concerns are now participating in the Union Dime Plan, which now numbers over 7500 employee members. Since the plan was started in the middle of January of this year, over $400,000 in principal amount of bonds has been issued to date.

Nathan Dyer Prince, President of the Windham County National Bank at Danielson, Conn., died on Sept. 3 at Deaconess Hospital, Boston. He was 63 years old. Mr. Prince entered the banking business in 1898 in the employ of the Windham County National Bank. He became Vice President of the Connecticut Trust and Safe Deposit Co., Hartford, Conn., in 1915. Later that bank merged with the Hartford Trust Co., and from 1924 to 1932 Mr. Prince was President of the Hartford-Connecticut Trust Co., which resulted from the merger. Mr. Prince was a former Treasurer of the American Bankers' Association.

The United States National Bank of Portland, Ore., announces the purchase of the Harney County National Bank of Burns, Ore., which in the future will be known as the Harney County branch of the United States National Bank. According to Paul S. Dick, President, this gives the United States National its 26th operating unit in Oregon.

Mtg. Bankers Present Slate For Officers

Headed by Charles A. Mullenix, Cleveland, as the nominee for president for the 1942-43 term, the official slate of new officers and governors for the Mortgage Bankers Association of America to be voted on at the 29th annual business meeting and conference on wartime mortgage finance in Chicago Sept. 30, Oct. 1 and 2, was announced on Sept. 6.

Herold G. Woodruff, Detroit, is the nominee for Vice President and G. H. Galbreath, Tulsa, has been nominated for reelection as a member of the Board of Governors for a term expiring in 1946. Six other mortgage bankers were nominated for similiar terms including L. E. Mahan, St. Louis; Stanley H. Trezevant, Memphis; George H. Dovenmuehle, Chicago; Frank C. Waples, Cedar Rapids, Iowa; John Scott, Pittsburgh; and W. A. Clarke, Philadelphia.

Wallace Moir, Los Angeles, and Aksel Nielsen, Denver, have been renominated for regional vice presidents, Mr. Moir for the Pacific Coast States and Mr. Nielsen for the Mountain States. V. C. Feemster, Wichita, has been nominated for a similar post for the Southwestern States, Norman Lloyd, Cleveland, for the North Central States, W. A. Curtin, Hartford, for the Eastern States; and O. G. Gresham, Birmingham, for the Southern States.

WPB Sets Fats Quota At Half Billion Pounds

Every state and city in the Union was asked on Sept. 4 to do its full share in the nationwide drive for one-half billion pounds of waste fat per year, as officials of the Conservation Division of the War Production Board set state and city annual and monthly quotas for the campaign.

City dwellers are expected to furnish more of the waste fats needed for the war effort than their country cousins, according to the basis used in determining collection goals. Quotas were arrived at by estimating a per capita yearly collection of 2.8 pounds for farm dwellers and 4.5 pounds per capita for urban residents.

The smaller goals in rural communities, the WPB said, take into account extensive farm use of waste fats in home soap making and in feed for livestock, both consistent with the drive policy of getting fullest use from all fats before considering them as "waste".

In contrast to these goals, the actual average collection from the armed forces is two pounds per month per man. Despite the difference in conditions, this indicates that the civilian quotas should be attainable.

Red Cross War Aid Set At $60 Million

In a special report covering operations for the first three years of the war, the American Red Cross revealed on Aug. 31 that $60,000,000 worth of supplies had been distributed to an estimated 20,000,000 war victims.

The greatest part of the Red Cross war-relief supplies has been sent to Great Britain, aggregating $33,000,000. Aid sent to Russia and China is about the same—at $4,000,000 each—while Greece has received about $2,000,000 worth of supplies.

The relief supplies chiefly consisted of foodstuffs, clothing, medical supplies and soap.

Distribution of war relief was also made in the Middle East and parts of Asia and Africa.

During the three years, the American Red Cross also sent supplies to Spain to meet the threat of famine in the spring and summer of 1941, medical and hospital supplies to Finland in 1940 and 1941 and general relief to Yugoslavia.

FDR Praises Labor; Calls For Sacrifices

In a Labor Day statement, President Roosevelt warned on Sept. 5 that in the "stormy days ahead" it may be necessary to ask for sacrifices of increases in wages, crop prices, profits and bodily comforts in the interests of the war effort.

Expressing his appreciation to the working people for their energy and devotion in meeting the demands of the present crisis, the President said that production of war materials, although greatest in history, "is not yet enough" and will be "greater still."

Mr. Roosevelt further stated that "there never has been a Labor Day as significant as this one" and declared that it was not only a grave hour for labor but for all the "beneficiaries and heirs of the democratic system."

The text of the President's statement follows:

"There has never been a Labor Day as significant as this one. In a great many countries free labor has ceased to exist; a blackout of freedom has darkened Europe from the tip of Norway to the shores of the Aegean and sturdy workingmen who once walked erect in the sun now stumble and cower beneath the lash of the slavemasters. The rights of free labor and free men have vanished in the conquered lands. They are threatened and besieged everywhere.

"This is indeed labor's grave hour as it is the grave hour of the farmer, the industrialist, the teacher and preacher, the aproned housewife, the smallest child in the cradle. All these are the beneficiaries and heirs of the democratic system, and it is democracy itself that the evil men of West and East hate and seek to destroy.

"Happily, our good right arm is strong and growing stronger. In our own country, in the countries of our brother Allies, the people who live by the sweat of their brows have risen mightily to the challenge of the struggle. They have given their sons to the military services. They have stoked the furnaces and hurried the factory wheels. They have made the planes and welded the tanks, riveted the ships and rolled the shells. Production of war materials here is now the greatest in our history but it is not yet enough. It will be greater still.

"This is an appropriate occasion to express my appreciation to the working people of the United States for the energy and devotion with which they have met the demands of the present crisis. They know what it is to work until muscles ache. They know what it means to be weary when the whistle blows at the end of the shift.

"They know, too, that democracy has made labor's advances possible. They know just what stake they have in America, just what they are fighting for. There are certain to be stormy days ahead. Laborers, farmers, industrialists, all of us, are pledged to the war effort. We are certain to be asked for sacrifices. These may be sacrifices of wage increases, crop price increases, profit increases, bodily comforts. All this is little enough for free men to sacrifice in a world where freedom is imperiled."

Divert "Free" Silver To War Production

Secretary of the Treasury Morgenthau said on Aug. 30 that the Treasury is making every effort to put all available silver into urgent war uses and disclosed that substantial amounts of "free silver" are already being delivered to war plants producing aluminum and magnesium.

The Treasury has stocks of 2,900,000,000 ounces of silver, of which 1,550,000,000 ounces have been monetized and are a reserve against silver certificates. The remainder, 1,350,000,000 ounces, constitutes "free silver," all of which is being "lend-leased" for use in war plants, where it will release 40,000 tons of copper for war uses.

No new purchases of foreign silver have been made since November, 1941, Mr. Morgenthau said and the delivery of newly mined domestic silver acquired under forward - purchase contract has been postponed, thus permitting such silver to go into industrial uses. Two of the largest silver refineries are taking advantage already of this postponement and are delivering newly mined domestic silver to industrial users. Their names were not given.

Until recently, Secretary Morgenthau said, silversmiths could meet all of their needs by buying foreign silver at about 35 cents an ounce. However, in the last year there has been an enormous increase in the use of silver in industries. The metal is used extensively in the production of aircraft, ordnance, naval vessels, and for other war purposes. Silver coinage has increased in many countries as a result of the war. Silversmiths are using larger quantities of silver also because copper and other scarce metals can no longer be used as a base for silver-plated ware.

Mr. Morgenthau said the supply of foreign silver had been falling off, and the 100,000,000 ounces a year being imported from Mexico and Canada were inadequate for the present demand. American silversmiths, eager for the metal, had bid up the price to 60 and 65 cents an ounce in Mexico.

Meanwhile, the Office of Price Administration ordered into effect on Sept. 1 a new ceiling price of 45 cents an ounce for imported bullion. The former price was 35.375 cents.

"The purpose of the increase," said the OPA, "is to permit the Mexican Government, one of the United Nations, to levy a special emergency tax equal to seven cents an ounce on its silver in lieu of other production and export taxes and to provide a larger return to the Mexican silver industry to stimulate production, thus increasing the output of Mexican silver available for United States purchase for war industries."

The price increase was worked out by the State Department and the Mexican Government, it was said.

Simultaneously the OPA authorized a base price of 45 cents an ounce for domestically-refined silver bullion made from imported ores, thus permitting domestic refineries to pass on to consumers a price increase of 9.675 cents an ounce on silver contained in imported ores and concentrates. This silver also will be subject to the Mexican tax.

"The fiscal needs of the Mexican Government have been greatly increased as a result of its war effort," the OPA said. "In the past taxes on silver have been one of the major sources of revenue of the Mexican Government. Additional taxes on silver could not be levied at the established 35.375 cents an ounce United States import price without adversely affecting the rate of production."

Sellers of semi-fabricated silver products were authorized by the OPA on Aug. 28 to pass on to their customers the increased costs resulting from use of newly mined domestic silver at 71.111 cents an ounce in place of imported silver at 35⅜ cents an ounce.

All Liquor Production For War Alcohol Only

All manufacture of whiskey, gin and other beverage spirits will cease by Nov. 1 because the nation's 128 distilleries will be converted to the production of war alcohol, Matthew J. MacNamara, whiskey conversion official of the War Production Board, said on Aug. 31 in an address before the National Alcoholic Beverage Control Association at Chicago.

The conversion program is entirely voluntary, Mr. MacNamara said, adding that the WPB has not and does not intend to issue any directives to achieve 100% conversion of the distilled spirits industry.

He further said that there was no threat of a liquor shortage, explaining that 550,000,000 gallons of distilled spirits—mainly bourbon and rye whiskey—were stored in warehouses in the United States. On the basis of present consumption of 120,000,000 gallons a year it is estimated that there will be no shortage for four or five years.

Mr. MacNamara said that 476,000,000 gallons of alcohol would be required for war purposes next year, more than half of which would be needed in making synthetic rubber—butadiene—and the balance used in producing smokeless powder and for various essential military and civilian uses.

The WPB representative added that twenty-eight distilleries have been turning out war alcohol for ten months, but that others lacked proper equipment.

Reserve Bd. To Compile Consumer Credit Statistics

The Department of Commerce and the Board of Governors of the Federal Reserve System on Sept. 3 announced jointly that collection and compilation of certain monthly consumer credit statistics are being transferred from the Bureau of Foreign and Domestic Commerce to the Federal Reserve System. These include reports obtained from personal finance companies, industrial banks, credit unions and certain others. The Reserve System is now collecting consumer credit data from commercial banks, and trade and credit statistics from department and furniture stores. This change, it is pointed out, will centralize most of the current consumer credit statistics in the System, and enable the Board of Governors to obtain more directly facts needed in appraising the effects of the regulation of consumer credit. The twelve Federal Reserve Banks will handle collection of figures in their respective districts.

Within the next few days the Reserve Banks will send out the first requests which will be for August 1942 figures. The series maintained and published by the Bureau of Foreign and Domestic Commerce will be continued by the Board of Governors. The Survey of Current Business also will continue to publish the series.